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WORLD NEWS

Duvalier flees Haiti for exile

"President for Life" Jean-Claude Duvalier yesterday went into exile, ending nearly three decades of despotic rule in Haiti.

France has granted him temporary refuge in Grenoble until a country can be found to accept him.

Anti-Government demonstrations had reached a peak in recent weeks, and thousands of Haitians ran into the streets to celebrate the end of a dictatorship which began with Mr Duvalier's father, "Papa Doc," in the 1950s. Back Page

'Dingo murder' move

Lindy Chamberlain was freed after three years of her life sentence in Australia for killing her baby, which she said was taken by a dingo near Ayer's Rock. A baby's tattered jacket was found in the area this week.

Mob burns police car

A mob of around 100 youths overturned and set fire to a police panda car in the St Paul's area of Bristol. Youths, many masked, attacked the car after police left it to chase a suspect.

Westland documents

The Government is likely to let MPs on the defence select committee see the full text of key documents concerning ministerial attitudes in the Westland affair. Back Page

Blow to print unions

The print unions' campaign against News International was set back as Northampton printers voted to end their blacking of three Times supplements. Back Page

Army neutrality urged

Top Lebanese army officers urged soldiers to stay out of internal conflicts and avoid defending individuals—a reference to President Gemayel.

Pravda raps Reagan

Pravda newspaper issued its strongest attack on President Reagan since the November summit, accusing him of ignoring Moscow's disarmament initiative. Response, Page 2

Air threat to Israel

Libyan leader Muammer Gadaffi said he ordered his air force to intercept any Israel civilian airliner over the Mediterranean. Page 3

Aden looks to left

South Yemen signalled a return to more rigid Marxist policies, charging that ousted President Ali Nasser Mohammed had been leaning towards capitalism.

Rebuff on legal fees

The Lord Chancellor, Lord Hailsham, rejected lawyers' claims that the scale of criminal legal aid fees should be increased. Page 4

Donations boost Tories

Donations provided nearly three quarters of the central income of the Conservative Party in 1984-85, party accounts show. Page 4

Swiss expel envoy

Switzerland ordered a Yugoslav diplomat out of the country for spying on his countrymen there, and will begin legal proceedings against three of his informants.

Newspaper of the year

The Mail on Sunday was named Newspaper of the Year by ITV's What the Papers Say programme. Ian Jack of the Sunday Times was Journalist of the Year. Owen speech, Page 4

Cold weather to stay

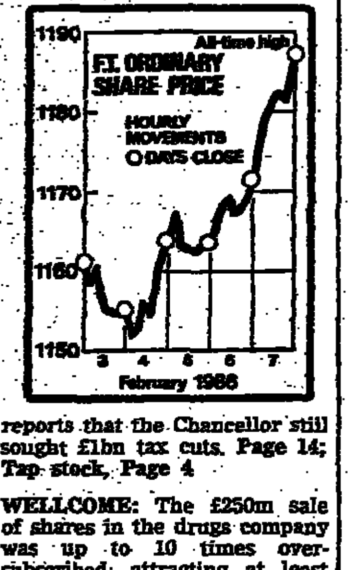
Snow continued to disrupt transport, with Derbyshire and Sussex among the worst-hit areas. The cold weather is likely to continue at least until Monday. Weather, Back Page

BUSINESS SUMMARY

FT Index again hits record

THE FT Ordinary Share Index rose 16 points to a record 1,187.7, registering its third fresh peak of this week and showing a gain of 26.7 over the past five days.

Investors were encouraged by stronger spot oil prices and reports that the Chancellor still sought £1bn tax cuts. Page 14; Tap stock, Page 4



WELLCOME: The £250m sale of shares in the drugs company was up to 10 times over-subscribed; attracting at least 350,000 applications. Page 8

US Court struck down a key provision of the Gramm-Rudman balanced budget law, designed to eliminate the US deficit by 1991, as unconstitutional. Page 2

UNEMPLOYMENT rate in the US in January fell from 6.9 per cent to 6.7 per cent and the total of Americans in jobs rose by 565,000. Back Page; Dollar's improvement, Page 13

AUSTIN ROVER'S funding and joint ventures will shortly be reviewed by the Government even though talks about its possible sale to Ford have been halted. Back Page

KLEINWORT BENSON, UK merchant bank, is joining 12 north Italian banks in a corporate financial services venture. Back Page

MALAYSIAN Chinese businessmen agreed a rescue plan for Grand United Holdings, master company of Tan Koon Swan. Page 10

ARGENTINA launched a controversial programme of reducing the state's stake in manufacturing companies. Page 2

STOCKHOLM Stock Exchange plans to tighten corporate reporting requirements as a condition of continued listing on the bourse. Page 10

NEW CAR sales in the UK last month totalled 173,275, 10 per cent more than in January 1984. Page 4

CONSUMER Affairs minister, Michael Howard, appointed two inspectors from outside the Civil Service to inquire into the ownership of Sumrie Clothes of Leeds. Page 4

NATIONAL Intergroup, US steel group, renewed attempts to enter the drug wholesaling market with a $160m (£114m) deal to acquire FoxMeyer.

KIDSTON Gold Mines, Australia's biggest gold producer, reported net profits of A$50.76m (£25.1m) for its first 10 months. Page 10; Mining, Weekend FT III

MEGGITT Holdings, engineering products distributor which acquired aviation instruments group Negretti last year, is to raise £10.9m through a rights issue. Page 8

SMITH ST AUBYN, London discount house which suffered heavy losses in gilts four years ago, is set to be taken over by US banking group Irving Trust. Page 8

MARKETS: Starting today, the table below will carry the previous day's price of Brent blend per barrel, quoted for 15-day delivery, under the heading North Sea Oil.

MARKETS

DOLLAR
New York lunchtime:
DM 2.4055
FFr 7.372
SFr 2.029
Y190.95
London:
DM 2.402 (2.3915)
FFr 7.36 (7.325)
SFr 2.0285 (2.024)
Y190.85 (190.45)
Dollar index 123.3 (122.7)
Tokyo close Y190.85

US LUNCHTIME RATES
Fed Funds 7¾%
3-month Treasury Bills:
yield: 7.44%
Long Bond: 99
yield: 9.37%

GOLD
New York: Comex April latest $340.9
London: $336.5 ($338.25)

STERLING
New York lunchtime $1.3945
London: $1.3995 (1.399)
DM 3.3625 (3.345)
FFr 10.3 (10.2475)
SFr 2.84 (2.8325)
Y267.0 (266.5)
Sterling index 74.4 (73.9)

LONDON MONEY
3-month interbank:
closing rate 12 11/32% (same)

NORTH SEA OIL
Brent 15-day Feb
$18.125 ($18.625)

STOCK INDICES
FT Ord 1,187.7 (+16.0)
FT-A All Share 702.16 (+1.1%)
FT-SE 100 1,445.0 (+18.1)
FT-A long gilt yield index:
High coupon 10.64 (10.62)
New York lunchtime:
DJ Ind Av 1,592.09 (−8.60)
Tokyo:
Nikkei 13,212.13 (+25.52)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,600; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

Midland Bank sells Crocker for £715m to Wells Fargo

BY MICHAEL CASSELL IN LONDON AND WILLIAM HALL AND PAUL TAYLOR IN NEW YORK

MIDLAND BANK is to sell Crocker National Corporation, its Californian subsidiary, to Wells Fargo for just over $1bn (£715m). The sale marks the end of a four-year struggle by one of the UK's big four clearing banks to become a considerable force in US retail banking.

The retreat follows a surprise approach just before Christmas from Wells Fargo. Midland says the sale proceeds will equal the total investment it has made in Crocker since it first took a 57 per cent stake in October 1981. The balance was bought out last May.

The agreement negotiated in 26 days, represents one of international banking's largest deals. Payment will be almost entirely in cash, with the possibility that up to 5 per cent of the purchase price will be in Wells Fargo shares.

Midland's decision was seen last night as heralding a welcome end to its North American problems and on the London stock market the bank's shares surged 80p, before falling back to close 64p up on the day at 492p.

It now looks set to concentrate on stepping up its involvement in the international capital and securities markets. The withdrawal from California will not mean the end of its activities in the US, where it intends to develop its merchant and investing banking operations out of New York.

Sir Donald Barron, Midland's chairman said: "The Wells Fargo approach was unsolicited. Last year, Crocker made a profit and the bank is now in good shape.

"We had a good offer and major changes in the world banking market mean the business is no longer seen as an essential part of our strategy"

He added, however, that Crocker's merger with Wells Fargo would give it a strength which it would have been unlikely to achieve on its own, even with Midland's full backing.

The sale, which is likely to take a year to complete and will significantly improve Midland's capital ratios, comes days after Crocker reported a return to profits for the first time since 1982. Last year, it returned a net income of $38m.

Mr Michael Julien, Midland's finance director, said Crocker earnings would still have taken "three or four years" to reach the desired levels.

Ever since Midland announced that it was buying into the California-based bank to establish a foothold in the world's biggest retail banking market, Crocker has presented it with large problems which badly hit the group's performance.

Heavy provisions for property-related US loans, together with substantial exposure to several debt-ridden, Latin American countries, culminated in a 1984 loss for Crocker of $324m, the heaviest blow suffered by a UK clearing bank. Midland's profits would have been virtually eliminated but for the sale of Crocker's San Francisco headquarters.

Last year, Midland transferred about $3.5bn of foreign and domestic loans out of Crocker and into its international division in London. The loans, which provided most of Crocker's losses, will remain with Midland.

Sir Donald said the Wells Fargo offer had come when Midland had just completed a large strategy review. The outcome was a decision to consolidate its major UK businesses—which include Clydesdale Bank, Northern Bank, Forward Trust and Thomas Cook—and to build up its capital and securities business in the UK and overseas.

Both these main objectives would be supported by the bank's international division, which includes the overseas

Continued on Back Page
Background, Page 8; Lex Back Page

Marcos claims victory as tension grows over poll

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA

PRESIDENT Ferdinand Marcos last night claimed victory over Mrs Corazon Aquino in yesterday's presidential election in the Philippines and threatened opposition leaders with arrest if they caused trouble.

His claim, made in an interview with US television, was broadcast in the Philippines as arguments raged over the slow counting of votes and alleged cheating during the ballot.

About 26 people are reported to have been killed yesterday in election-related incidents. Last night, tension was high in part of Manila, the capital, as confusion deepened over events int he election battle.

Mrs Aquino insisted that "no one can rob us of victory" and said she was sure she had won. Previously she had indicated she would lead public demonstrations if she lost unfairly.

An early tally by a group of pro-government newspapers said Mr Marcos had a clear lead over Mrs Aquino with 20 per cent of the vote counted. Preliminary returns to the National Citizens Movement for Free Elections (Namfrel), an independent watchdog, showed Mrs Aquino leading Mr Marcos with less than 2½ per cent of the vote counted.

Mr Marcos appeared to have demolished his opponent in his stronghold in the north of the country, while Mrs Aquino was ahead in Mindanao and the Visayas in the south. The key capital region appeared to hang in the balance.

Both Namfrel's "quick count" and a parallel operation by the official Commission on Elections (Comelec) meanwhile ran into early trouble amid bitter recriminations over procedures, and a reliable indication of the result seemed likely to be delayed.

Mr Marcos, in his television interview, declared: "All the information that we get, especially from the region that has finished counting the ballots, indicates that I have probably won these elections."

In a separate interview he spoke of a "contingency plan" to deal with any trouble caused by the opposition. "The moment we enforce the law," he said, "we'll have to arrest some people."

Although Mr Marcos said the election had been "generally free, clean and honest," Namfrel officials and volunteers expressed strong doubts.

They complained that many voters had been unable to vote because their names were not on the electoral roll, and that Namfrel was prevented from monitoring the poll in some places nad observing the count in many more.

As crowds gathered last night in Manila close to counting stations, concern was growing about possible street demonstrations.

Background, Page 3

Plessey appointment strengthens board

BY CHARLES BATCHELOR

PLESSEY, the electronics group which is fighting a £1.2bn takeover bid from GEC, yesterday strengthened its board with the appointment of Sir James Blyth, a director for just three months, as group managing director.

The appointment appears likely to trigger further top level changes at the embattled telecommunications and defence equipment company within the next few weeks, including the possible resignation or retirement of several senior executives. Plessey declined to comment, however.

Sir James, 45, is leapfrogging over a number of long-standing Plessey directors in a promotion which puts him in sole charge of day-to-day operations.

He will have joint responsibility for long-term planning with Sir John Clark, 59, the chairman and chief executive.

The company is also to change its decision-making structure radically, disbanding its chief executive's office in its present form requiring its five deputy chief executives to report to the managing director.

This move puts Sir James in the position of heir-apparent to Sir John, who has effectively been sole managing director for the past 24 years.

"I have been planning to replace myself in an operational management role for some time," Sir John commented. "This move is entirely consistent with this company's management development programme."

Plessey has spent the past year building up its management team with the appointment of several new men, most in their mid-40s.

Sir James was brought in from the Ministry of Defence, where he was in charge of overseas defence sales. He was seconded to the MoD from Lucas Industries, the aerospace, automotive and industrial group, where he was general manager of the aerospace division.

The five deputy chief executives who will report to Sir James are Mr Michael Clark, 58, deputy chairman and brother of Sir John; Mr Frank Chorley, 59, chairman of telecommunications; Mr Peter Marshall, 58, finance director; Mr Bill Dalziel, 68, and Mr Warren Sinsheimer, 58, head of US operations.

Tin market talks closer to settlement

By Stefan Wagstyl

THE International Tin Council and its creditors yesterday edged closer towards a negotiated settlement of the tin market crisis, raising hopes that a deal might be struck by early next month.

Recognising the progress made in the talks, the London Metal Exchange authorities agreed to reopen its market in tin during the first half of March, "subject to the successful completion of current negotiations."

Mr Mike Metcalfe, a director of LME broker Holco Trading, who has been taking part in the negotiations, said: "Compared with what went before we are now travelling at breakneck speed."

Tin trading has been suspended on the LME since October, when the ITC, which administered an inter-government price support pact, ran out of money with huge debts owing to banks and metal brokers.

The gap between the International Tin Council and its creditors over how much each should contribute to a rescuc narrowed yesterday after the ITC increased its offer from

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Botha rebukes minister on black president remark

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN President P W Botha yesterday rebuked his foreign minister for suggesting that the country could be ruled by a black president.

In a separate move, the white opposition leader, Dr Fredrik van Zyl Slabbert resigned.

In an attempt to reassure white electors troubled by the speculations of Mr Pik Botha, the Foreign Minister, the President made an unscheduled appearance in the parliament's white assembly and declared that "no drastic decisions about future constitutional arrangements will be formalised before a referendum."

He also lifted the state of emergency in seven of 38 magisterial districts.

Mr Botha's appearance before the assembly followed a stormy Cabinet session and an emergency caucus meeting of the ruling National Party.

The government had been shaken by the foreign minister's remarks to foreign correspondents that he would be prepared to serve under a black president.

He had added that the emergence of a black president was "possibly unavoidable . . . and even inevitable so long as we can agree on a suitable way on the protection of minority rights without a racial sting . . . so long as minorities feel safe."

Responding, the president publicly humiliated his foreign minister by accusing him of compromising both himself and the National Party "on matters which he and the party should not speak out on." No minister had the right to compromise the government in this manner, he said.

After an exchange of letters, President Botha said that Mr Botha had not intended to speak on behalf of the party and that this therefore "places him in a position to continue his work, which I esteem, under my leadership."

The effect of the president's intervention is to improve the prospects of Mr F. W. de Klerk, Transvaal leader of the party, and minister in charge of white education, succeeding him. It also emphasised the most restrictive interpretation of his government's commitment to reform.

His announcement of legislative reforms last week has aroused hostility among his backbenchers, and the public rift with Mr Botha has presented the right-wing Conservative Party with ammunition.

President Botha also had to intervene personally in the assembly to clear up the confusion which has developed this week between his statement of last Friday that apartheid was an "outmoded concept" and Mr de Klerk's reaffirmation of group rights and separate educational, housing and other facilities on racial lines.

The president came down firmly on the side of Mr de Klerk, who, he said, had "correctly interpreted" that part of his speech which emphasised "protection of the fundamental rights of individuals as well as groups."

President Botha's public airing of the party's internal divisions followed a strident, finger-wagging attack on Dr Slabbert whom he accused of being unreasonable in his sceptical response to the Government's reform proposals and "nasty" in his questioning of the president's economic sophistication.

The House was stunned when Dr Slabbert followed with a total rejection of the government's reformist strategy as "another false start" and made the announcement that he had "decided the time has come for me to go."

He explained that his decision to give up the leadership he has held for seven years and to leave the parliament he has sat in for 12, had been crystalised by the president's speech last Friday.

"What I have heard and seen from all of them, including the president, is simply not good enough. It is a false start," he said.

On a personal level he said that he had begun to feel "like one of those mantlepiece musical boxes that people dust off from time to time and listen to wish a certain quaint nostalgia . . . . I have done my share (of political leadership) and believe it is time for someone else to have a go at it."

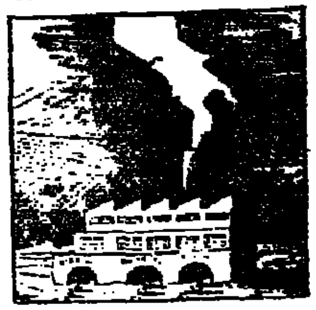
His decision, which he described at a Press conference later as "irrevocable," was communicated to the 27-strong parliamentary group of the Progressive Federal Party at lunch only hours before his speech. His successor will be chosen at a special party congress.

His resignation, which threatens gravely to weaken the parliamentary voice of the liberal white opposition, is essentially a gsture of frustration with the tricameral parliament, with its three assemblies for whites, coloureds and Indians. It is "a hopeless, flawed and failed constitutional experiment," he said.

Not only was the PFP doomed to perpetual opposition by the overwhelming National Party majority but, as he explained in his no confidence speech on Monday, parliament itself had been treated with contempt by the Government.

Profile, Page 2

WEEKEND FT



MACHIAVELLI'S MARKET

Traditional, secretive networks break down as a new generation of financiers brings Italian capitalism up to date.
Page I

VICTORIAN VALUES

Read, mark, and digest investment performance figures in 1886.
Page V

TELEPHONES

Bells are ringing as British Telecom loses its monopoly of supply and installation.
Page XIX

CURTAIN AT THE WELLS

Sadler's Wells is caught between the devil of Arts Council cuts and the deep red sea of rate-capped Islington.
Page XXI

OVERSEAS NEWS

Federal court says budget law unconstitutional

BY REGINALD DALE, US EDITOR IN WASHINGTON

A US federal district court yesterday struck down a key provision of the Gramm-Rudman balanced budget law, designed to eliminate the US deficit by 1991, as unconstitutional.

The ruling, however, was not thought likely to have an immediate effect on the implication of the law, passed by Congress in December, pending an appeal to the Supreme Court.

The Supreme Court could hear arguments in the case in April or May and rule by late June or early July.

Last night Senator Phil Gramm said he was filing a Supreme Court appeal on yesterday's adverse budget law ruling.

On Wall Street stock and bond prices fell sharply in the wake of the court ruling, reflecting investor concern about the longer term prospects for deficit reduction.

In the credit markets, where bond prices had already fallen in response to the stronger-than-expected January employment data, Treasury issues fell by another half point in the immediate wake of the ruling. Equity prices also tumbled. The Dow Jones industrial average, *which edged 8½ points lower in* nervous early trading, dropped a further 10 points after the announcement.

The three judge court found unanimously that President Ronald Reagan's order last week implementing automatic budget cuts of $11.7bn for the current fiscal year was "without legal force and effect." But it said that it would stay its decision while the appeal proceeded.

The court found fault with the automatic deficit-reduction process ordered by the Gramm-Rudman Act, on the grounds that it invested unconstitutional authority in the comptroller general, the head of Congress's General Accounting Office, an independent congressional fact-finding body.

The law gave illegal executive power to the comptroller general, an officer responsible to, and removable by Congress, it said.

If the court's ruling is sustained by the Supreme Court, it would have the effect of forcing Congress into a back-up procedure under which the Gramm-Rudman cuts would no longer be automatic but have to be approved by Congress. The ruling left Congress free "without prejudice" to go ahead with the alternative procedure.

US prepares response to Gorbachev nuclear plan

By Reginald Dale in Washington

PRESIDENT REAGAN has started consultations with his allies on a positive, if partial response to last month's call by Mr Mikhail Gorbachev, the Soviet leader, for the phased elimination of all nuclear weapons by the turn of the century.

The US proposal would concentrate on medium-range missiles in Europe and Asia, which the Administration has long seen as one of the most promising areas for progress on arms control by the next US-Soviet summit, due to be held in Washington later this year.

Washington's response would, however, reject some of Mr Gorbachev's suggestions, including the Soviet proposal that the British and French strategic nuclear forces be frozen at their present levels in the initial phase.

The US response was being discussed this week with the European allies by Mr Paul Nitze, Mr Reagan's senior arms control adviser, and with the Asian allies and Australia by Gen Edward Rowny, another senior adviser.

Mr Nitze met leading members of the British Government in London on Thursday and was yesterday in Bonn. Officials in Washington said that the US response would not be finalised until these consultations were concluded next week.

According to these officials, however, Mr Reagan's plan was to eliminate US and Soviet intermediate-range range missiles in Europe and cut the Soviet SS-20 missile force in Asia by 50 per cent in a first stage. The US would have the right to maintain equivalent missile forces to match the Soviet weapons remaining in Asia, but would not deploy them.

The response would also reject a Soviet proposal that the US pledge not to transfer missiles to other countries.

● The Soviet official news agency Tass said yesterday an agreement to eliminate US and Soviet medium-range nuclear missiles can be reached independently of an accord on space weapons and strategic missiles, AP reports from Moscow.

Japan angers China over Chiang Kai-shek centenarv

BY JUREK MARTIN IN TOKYO

JAPAN has again found itself in political bad odour with *China, this time over the 100th* anniversary next year of the birth of Generalissimo Chiang Kai-shek.

A Japanese Foreign Ministry delegation returned from Peking this week after being *told in no uncertain terms that* China looked askance at reported Japanese plans to commemorate the Taiwanese leader's centenary.

The Japanese response had been that the Government could not interfere with what private groups have planned. But pressure has been exerted here on some prominent politicians to withdraw their names from the celebrations committee.

*These include Mr Shin Kane*maru, secretary general of the ruling Liberal Democratic Party, and Mr Masayuki Fujio, chairman of the LDP's policy committee.

The Taiwanese connection in Japanese political circles is still strong, if less influential than in the 1950s and 1960s when, at the behest of the US, Japan recognised Chiang Kai-shek's regime in Taiwan as the representative of China.

Mr Eisaku Sato, Japanese Prime Minister from 1964-72, was the leader of the Taiwanese lobby and his son, now an MP, is one of its present leading lights.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty 9.50 Higher interest account 90 days' notice or charge 5.50/8.81 Cheque-Save 9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9 20	—	— * *Easy withdrawal, no penalty*
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly. 9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly 8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.25 Capital share 30 £500+ 30 days' notice/penalty 9.50 Capital share 90 £500+ 90 days' notice/penalty 9.75 *Capital plus £10,000+ 90 days' notice/penalty ann. int.*
Barnsley	7.00	9.00	9.80 Summit account — £1,000+ — 3 months' notice 8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty 9.80 £10,000+, 9.55 £5,000+, £1,000+ 7-day notice Triple Bonus. Monthly income up to 9.55 9.80 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.80 Trident Super Gold
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	9.30 30-day, £1,000+ monthly interest reinvested/paid
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75. £5,000-£9,999 9.50. £500-£4,999 9.00. Under £500 7.00. Mly. int.
Cheshunt	7.00	8.60	9.75 £5,000-£250,000, 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	*9.60 3 months' notice—no penalty—monthly income* 9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential 9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.50 Gold Minor Account for 0-18-year-olds
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.00-8.50/8.00 Instant xtra (minimum £500) 9.50 90-day xtra. 90 days' notice/no penalty (*minimum £500*) 9.00 Cardcash (£2,000+), 7.00 (£1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High Interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	9.50 *Monthly Income, 8.75 28 days, 9.00 60 days*
Hendon	8.00	—	9.00 7-day account. Minimum £500 3-month 9.75
Hinckley and Rugby	7.00	9.80	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K. 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa In. only. no not./pen., 8.75 £5,000 min. 9.50 High flyer—no notice/no penalty £10,000 minimum 9.25 High flyer—£5,000 minimum. 9.00 £500 minimum 10 15 Super share no not. 14 days' penalty £20,000 minimum 9.85 Super share £5,000 minimum, 9.55 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.80 Monthly Interest. 9.25 28 days', 9.80 60 days' notice Up to 9.50 immediate access—no penalty
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.50/9.25/9.00 instant access/no penalty. Min. bal. £100 10.00/9.75 30 days' notice or penalty. Min. bal. £1,000
Mornington	9.10	—	9.10 £2K, 9.25 £2K, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.50 *Special share 60-day notice/penalty unless £10,000+* 9.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999 9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty 9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 (plus bonus) Two-year term, 9.25 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access *9.30 Moneyspinner plus £5,000 or more, instant access* 9 05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	9.75 90 days' notice, no penalty £10K+ no penalty/notice
Peckham	7.85	—	8.65/9.75 immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 Premium shrs. Inst. acc. £5,000+ (8.95 under £10,000)
Portman	7.00	9.25	9.85 Prem.-plus £10,000+, min. £1 9.25 3 m. not. or 1 m. pn. 9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	8.85 *Instant access minimum £500*
Regency	7.00	9.55	9.80 £10,000+ no not., no pen. Min. inv. £500
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.25 Instant access, 9.50 monthly income
Thrift	8.00	—	9.00 3-year term. Other accounts available
Town and Country	7.00	—	9.75 *2-year term £10,000+, 9.50 £500-£9,999* wdrwl. available 9.80-8.75 Moneywise cheque-Visa. Interest varies with bal. 9.75 *Super 60* ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.30	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, n not./pen. 9.52 Capital, 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. −£10,000 60 d. nt./pn. 9.50 Classic key monthly income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Jim Jones reports on the political career of a leading liberal Afrikaner

White South Africans lose a helpful guide

DR FREDERIK van Zyl Slabbert, who resigned yesterday as leader of South Africa's white parliamentary official opposition, has rarely kept secret his slight disenchantment with political life.

In his autobiography, "The Last White Parliament," published last year he was categoric: "After five years in parliament as a back bencher, I knew exactly what I did not want. I definitely did not want *to spend the rest of my productive days in the South African parliament."*

Unconsciously, perhaps, that admission reveals one of the truisms of South Africa—that parliamentary debate between opposing white politicians is something of a sideshow. The political issue central to the country's future is how the dominant National Party of President P W Botha comes to terms with the country's black majority and its leaders.

That is clear from the fact that despite a perceptible shift leftwards in white South African politics in the past decade, the anti-apartheid Progressive Federal Party (PFP), which Dr Van Zyl Slabbert has led since 1979, has only managed to garner just under one fifth of the popular vote.

Despite its best efforts, it has largely failed to attract support from outside a comparatively liberal urban elite. Under his leadership, the party's moves towards accords with black political groups have tended to align it with "safe" conservatives such as Zulu leader Chief Mangosuthu Buthelezi rather than with some of the more radical black groups.

PFP members have had several meetings with exiled leaders of the African National Congress (ANC), which has, perhaps, helped modify the ANC's public stance towards South African business. But it is still far from clear whether this has contributed to bringing the ANC and the white South African state any closer together.

Dr Van Slabbert's entry into parliament in 1974 was something of an accident. At the time he was teaching sociology *at the University of the Wit*watersrand in Johannesburg and was persuaded by partry officials to stand as what was then the Progressive Party candidate in the Rondebosch constituency in Cape Town. He joined the party the day he accepted the Rondebosch electoral nomination. He was perhaps the most surprised by his victory.

That year was crucial for the Progressive Party, which for 13 year had had a sole parliamentary representative. The crusading Mrs Helen Suzman. Defections from the fast-declining centre-right United Party had given the PFP a voter base, but as its seven members took their seats after the elections, it was clear that their political baptism would come as much from fighting the United Party as from contesting the ruling National Party.

Five years later Mr Van Zyl Slabbert's choice as party leader was carefully calculated. Though the PFP could count *on a fairly solid base of support* in its urban strongholds, the party was largely seen as representative of the English-speaking liberal establishment.

An Afrikaner party leader might just lead to a broadening of that electoral support into Afrikaner-dominated constituencies.

His credentials were impeccable: His origins had been unprepossessing—his parents had divorced and his mother died of alcoholism just before he entered parliament. But he had graduated from Stellenbosch University, the cradle of Afrikanerdom's elite leadership, and had been a member of the elite university's own elite—its first rugby 15.

But Dr Van Zyl Slabbert seems to have risen above the narrow sporting patriotism of the average white South African. "Mentally it (rugby) was not only escapist, it was a social narcotic to anything less going on in our society." At the rugby-mad tip of the African continent that view verges on heresy.

But it underlines the fact that the man picked to lead the Party of white middle class liberalism had succeeded where many Afrikaners have failed—to move away from the narrow sectarianism which has done moe than anything else to bedevil the country's social and political life.

His leadership has not given the PFP the broader electoral base it had expected from the shifts in white political attitudes. Nevertheless as party leader he provided a moral direction to white stumblingly attempting to come to grips with the realities of their fast-changing position.

Argentina to privatise key state companies

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government has officially launched a controversial programme to sell off or reduce its holding in a range of state-owned manufacturing companies. The move is aimed *at freeing state resources for* social spending and in proving the efficiency of Argentine industry.

It also gave details of measures aimed at boosting industrial exports and generating foreign exchange to meet the country's debt payments.

The long-awaited package was announced in a nationwide broadcast by Mr Juan Sourrouille the economy Minister, on Thursday night. Officials hope that the reforms will help government that has recently been facing increased domestic and international criticism for its apparent lack of direction following the initial success of its prices and wages freeze and currency reform announced in June.

In an earlier speech President Raoul Alfonsin defended his government's democratic credentials against what he claimed to be a dangerous, unjustified and unacceptable assault by opposition parties and unions who have been pressing for a moratorium on the country's $50bn debt.

Denationalisation will not involve the loss-making state-owned public utilities, the privatisation programme is potentially the boldest ever attempted by an Argentine government.

It will initially focus on a partial dismemberment of Fabrications Militares, the state holding company, which during *successive military regimes has* grown into one of the largest and one of the most protected industrial groups in Latin America. Its interests range from armaments to shipbuilding.

8 Mr Sourrouille said the Government initially would aim to sell part or the whole of its majority shareholding in the leading steel company, Somisa, and in the petrochemicals companies, Petroquimica Bahia Blanca, Petroquimica Mosconi, Petroquimica Rio Tercero and Atanor.

A fund for modernisation and industrial development is to be set up to absorbt and administer over $2bn in resources expected *to* be generated by the sale of the enterprises. Streamlining of steel and petrochemical plants will also count on World Bank support.

Although the Argentine steel company *Acindar* has expressed an interest in Somisa any formal takeover move would have to await congressional approval of a framework privatisation law and may take weeks before being implemented.

Jet engine inspection ordered

AIRLINES have been told of a new potential problem with the industry's most widely used jet engine — the Pratt and Whitney JT8D — after 35 reports of serious cracks being found, including two cases in which the engines broke apart, **AP reports from Washington.**

The Federal Aviation Administration ordered new inspections of most of the engines Thursday and gave airlines a timetable under which the examinations must be made, depending on how many startups the engine has had.

The inspections can be performed without taking the engine apart or removing it from the aircraft, so FAA and industry officials said they do not expect a disruption of air service.

During the past year, a number of problems have emerged with the Pratt and Whitney JT8D engine, which for years has had a good safety record.

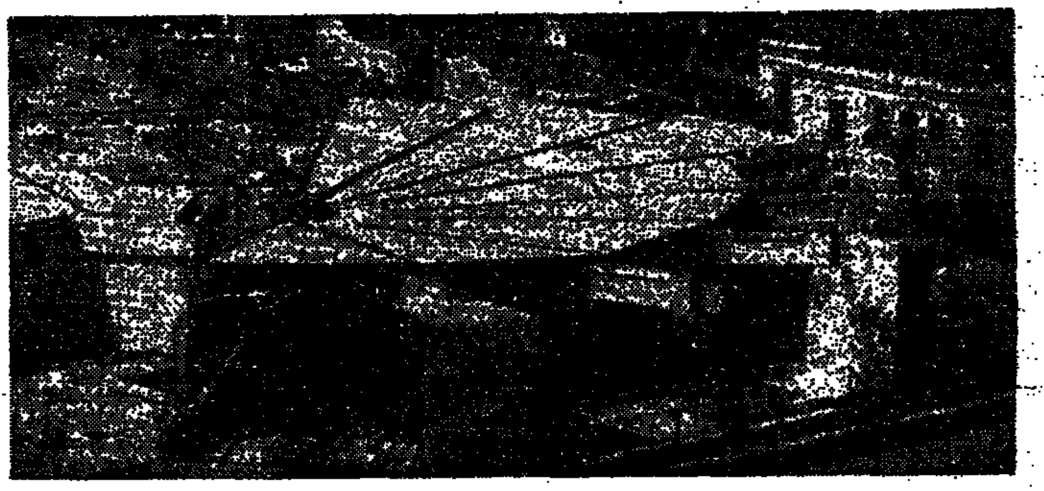
The FAA previously had ordered inspections related to turbine spacers breaking apart and cracking problems inside the engine's combustion chamber. Turbine spacers separate the compressor fans, which pull air into the engine to be mixed with fuel and *burned.*

Mr Fred Farrar, an FAA spokesman, said the new directive involves the exterior sleeve of the combustion chamber and is not related to the earlier cracking problem involving the interior of the chamber.

Last year, a failure inside the combustion chamber of a JT8D engine led to a fire aboard a British Airtours aircraft that killed 55 people at Manchester Airport. The failure of turbine spacers on another JT8D engine on a *Midwest Express DC-9* led to a September 1985 crash that killed 31 in Milwaukee.

More than 9,000 JT8D engines are used by US airlines. One of every two commercial US jetliners is powered by the engine, including most Boeing 737s, Boeing 727s and McDonnell Douglas DC-9s.

The order, which applies to all but one class of the JT8D engines, calls on airlines to make the inspections within the next 200 cycles, or startups, on *older engines. The order calls* for inspections on various long-term time schedules for the newer engines.



The "maxi trial" of 474 alleged members of the Mafia begins in this specially built "bunker" court room adjacent to a prison in the Sicilian capital of Palermo on Monday. The atmosphere in the town is tense as all of Italy waits for the most important trial ever against the Mafia, writes Alan Friedman in Palermo.

The indictment alone is 8,632 pages long and *fills 40* volumes. Among the alleged Mafia members to stand trial will be five of the 12 members of the "commission" which governs the criminal organisation, although Mr Michele Greco, known as the "Copo of Capos," is still at large and will be tried in absentia.

The mass trial of so many alleged Mafiosi has raised considerable controversy and was described yesterday by one western diplomat as "the first real trial of the Italian state against the Mafia."

More than 200 of the defendants are at large, but the group will be tried for more than 90 murders including the traumatic murder in 1982 of General Carlo Alberto Dalla Chiesa, the special high commissioner against the Mafia.

About 2,000 Carabinieri are patrolling the streets of Palermo and there will be 250 armed guards inside the bunker courtroom. Officials in Sicily say the Mafia is responding not with violence but by using its influence *with politicians and academics* who are making statements designed to discredit the trial.

Fraga acclaimed by party

BY TOM BURNS IN MADRID

SPAIN'S veteran conservative leader, Mr Manuel Fraga Iribarne, was enthusiastically acclaimed yesterday at the start of the Alianza popular party congress in Madrid and reaffirmed his undisputed leadership of the centre right in general elections later this year.

Alianza Popular, which was founded by Mr Fraga in 1976 to fight the first post-Franco elections, is the dominant partner in the opposition alliance—grouping Conservatives, Christian Democrats and Liberals—known as Coalicion Popular.

The main interest in the congress focuses on the olive *branches which the party's* leadership will hold out to minority centrist groups, and specifically to the moderate Basque and Catalan nationalists. Alianza Popular strategists believe that a grand alliance to unseat the governing Socialist Party can be formed after the general elections which must be held not later than October this year.

The congress, which has drawn just over 2,000 delegates, is the largest and most spectacular of the seven that the *party has held since its forma*tion and it was billed in advance as a show of unity behind Mr Fraga.

The delegates are expected to unanimously endorse the party leadership's call for an abstention in a referendum on Spain's membership of Nato planned by Prime Minister Felipe Gonzalez for March 12. The Congress will, however, restate its pro-Nato policy

Swiss accountants in Soviet bank probe

BY JOHN WICKS IN ZURICH

TWO SWISS accountants are the subject of an official enquiry into the auditing of the books of Wozchod Handelsbank, the Zurich-based Soviet bank which went into liquidation last year.

Wozchod, whose business has since been taken over by a branch of the Soviet Foreign *Trade Bank, had been a major* channel for the placing of Russian gold on world markets. In 1983 and 1984 it suffered losses believed to be of at least SwFr 400m (£141m) from precious-metals and foreign-exchange trading.

The Swiss Banking Commission has now asked the Ministry of Finance to examine whether proceedings should be taken against two auditors of the firm Gesellschaft fuer Bankenrevision.

According to Mr Jean Lauber, managing director of the Zurich-based Neutra Auditing, there would be a case for prosecution under penal law only if it were shown that the men were guilty of "gross neglect" in their professional duties.

He stressed that the Neutra subsidiary Gesellschaft fuer Bankenrevision itself is not the subject of the investigations. The company is one of the special Swiss firms permitted to audit banks.

Japan cuts chip spending

Japanese semiconductor makers have cut their capital spending by 33.1 per cent to Yen 510bn (£1.9m) in fiscal 1985 ending in March from theprevious year because of the continuously slack demand, *according to a* survey released by the Ministry of International Trade and Industry (Miti) yesterday, **AP-DJ reports from Tokyo.**

Miti conducted the survey in January by polling NEC, Fujitsu and ten other major semiconductor manufacturers.

The total spending in the latest survey represented a drop of Yen 96bn from theprevious Mitis survey last June.

Many Japanese semiconductor manufacturers have been holding down investment and trimming earnings projections because of a slump in demand. Slow personal computer sales in the US and elsewhere has contributed to the slump. Manufacturers have said the present industry stagnation will con*tinue through this spring, and* possibly into the summer.

The latest Miti survey said the makers have ben switching investment emphasis to energy conservation and production efficiency and away from an increase in output.

The survey also showed that the manufacturers remain cautious about their business outlook in fiscal 1986. They now expect to spend a combined Y508bn in upgrading facilities, down 0.5 per cent from the 1985 estimate, it said.

Oil price dip hits Soviet imports

By Patrick Cockburn in Moscow

THE FALL in the world oil price could reduce Soviet oil *revenues by up to 40 per cent* in 1986, severely limiting imports from the West, according to diplomats in Moscow.

Soviet exports to the West totalled $26bn in 1984 but slumped last year because of weak oil prices and a drop in the volume of exports in the first quarter because of a severe winter. Total exports to non-Socialist countries were $39.5bn of which $23bn was for fuel and $4bn for raw materials.

Oil revenues contribute some 60 per cent of the Soviet Union's total hard currency revenues from the West, and it is unlikely that the Soviet Union will be able or willing to increase the volume of exports to make up for a big drop in the oil price.

In January oil traders in Amsterdam said Moscow had halted oil deliveries except to Comecon countries and Finland with which it has a special trading relationship. The last agreed price for Soviet export *blends* was then $27 a barrel for delivery to Western Europe. Three weeks later an Italian oil trader was quoted as saying "they offered crude at $22 and we reply with $19.50."

The Yugoslav Foreign Trade Deartment yesterday said it was seeking to renegotiate its oil contracts with the Soviet Union. Soviet oil is being sold to Belgrade at $26-$27 per barrel. Yugoslavia takes approximately 1.5bn gallons of Soviet oil a year, about half its overal supplies.

In the past the main Soviet export markets for fuels have been West Germany, France, Italy and Finland.

The purchasing power of Soviet commodity exports have fallen than is apparent from the figures because they are denominated in dollars, and the fall in the dollar means that imports from Western Europe have become more expensive.

Nevertheless, the Soviet hard currency reserves remain strong. According to calculations by Dr Jan Vanous of PlaneCon writing for Wharton Economic Forecasting Associates, Soviet hard currency assets "reached $43.6bn-$50.6bn at the end of 1984.

Estimating gross hard currency debt at $22.4bn the Soviet Union's "net hard currency position amounted to $21.2bn-$28.2bn." This figure does not include the Soviet gold stock estimated to be worth $25bn at the end of 1984.

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Crackdown in China catches top officials

By Robert Thomson in Peking

CHINA'S anti-corruption net has landed an embarrassingly large fish, the Astronautics Ministry, much-lauded in the past for its role in developing the country's space programme and now pilloried for launching illegal businesses.

The Ministry, supposed to be China's custodian of high-tech, has been low-tech trading on the side. An affiliated company under the guidance of former Astronautics Minister, Zhang Jun, and his deputy, Cheng Liancheng, signed contracts for 180,000 French colour televisions worth $41.47m (£29.6m) in the past year with the intention of selling at a handsome profit.

Zhang and Cheng and their commercial comrades, including officials of the Ministry of Electronics Industry's Radar Bureau, have been given a "serious warning for their serious bureaucratic mistakes" by the Communist Party's Central Discipline Inspection Committee.

In a front page People's Daily report today, the committee said of the officials: "They were wantonly engaged in lawless activities, and seriously obstructed the progress of economic reform."

Communist Party and government officials are ducking for cover during the present corruption crackdown, which will need senior scalps to prove to the masses that it has been effective in countering a highly visible problem that has damaged the image of the economic reform policies.

Many party and government officials have done well out of the reforms by using their influence to set up trading companies and to get access to otherwise unobtainable consumer goods. In response, the Government issued tougher regulations this week in a bid to wipe out these businesses, which have, in theory, been illegal anyway.

Now officials are banned from business activities, as they pose a "great danger" to the public interest. Even retired officials are banned from private businesses for two years after they leave office, and "all existing enterprises contravening the regulation must be closed down or separated from party and government offices immediately."

Canute James reports on the factors behind the downfall of Haiti's reluctant dictator

Why Duvalier domain was ripe for rebellion

SINCE the start of this year, it has become increasingly clear that Mr Jean-Claude Duvalier, Haiti's "President for Life," is unlikely to live up to his title. Clearly a reluctant dictator, Mr Duvalier has now agreed with hundreds of thousands of Haitians who have been demonstrating against him for the past two and a half months, to end his 14-year rule.

By all indications, Mr Duvalier was growing increasingly uncomfortable in the presidential palace, and wanted to leave. In the wake of the protests, Mr Duvalier proclaimed his control over this country of 6m people to be "as tight as a monkey's tail," while at the same time searching for a haven in which he and the cabal which have been running the country can settle with the spoils of office.

Although the week-old imposition of martial law put a damper on the protests and brought an uneasy calm to the capital, the people of Haiti knew that for the first time in 28 years of rule by the Duvalier family they could twist the monkey's tail, and painfully so.

It is the destruction of this first of three important crutches fundamental to the survival of Duvalierism which has led to the downfall of the dictatorship and the flight of the president. The mystique of Duvalierism, created by Dr Fancois "Papa Doc" Duvalier who took office in 1957, had been shattered. Without its apparent invincibility, Duvalierism over the past few months had been shown to have feet of clay—it could be successfully confronted, not with guns, but by spontaneous and popular outburst of pent-up frustration.

The second key leg which the Haitian Government lost was publicly and clearly displayed this week by Mr George Shultz the US Secretary of State, who declared that Haiti now needed a democratically elected government. Washington has traditionally been tolerant of rule by the Duvalier family, regarding it as a bastion against what was perceived as a spread of Cuban and Soviet influence in the Caribbean. To the dismay of Haitian officials, the Government was virtually ditched by a friend, and had been publicly told it should step down.

The third prop of Duvalierism, the army, had taken to playing a role which left the presidential palace confused. The apparent reluctance to employ the expected levels of brutality against anti-Government protestors, and bouts of confrontation with the Volunteers for National Security — successors to the dreaded "Ton Ton Macoutes" which Dr Duvalier created as a praetorian guard, indicated more than a passing readiness to take over when the President left.

All this left the President very exposed and clearly very confused. With his reported lack of appetite for the work which comes with running the country, Mr Duvalier had, in effect, been a front for powerful families—such as those of his wife, the Benets—and the monied elite which had been the real powers behind the Duvalierist throne, and which increasingly regarded this impoverished country as their plantation, and treated it as such.

To some extent, it was Mr Duvalier's vacillation and even impotence in Government which fuelled the wave of protests. Haiti is not unused to dictatorship, but unlike those who preceded him, Mr Duvalier had been, perhaps, too flexible to have survived unharmed.

Duvalier . . . too flexible to have survived

Haiti was clearly ready-made for rebellion. It is a country which emerged from successful confrontation with the French empire at the turn of the 19th century, to become the first independent state in the Americas. Today the cause for rebellion is evident in the extremes which dominate the society. All but a handful of the people endure a life of depressing poverty, the true nature of which the figures which say it is the poorest country in the Americas cannot fully convey

The handful which escapes the squalor enjoy a quality and style of life which rivals that of the wealthiest in any part of the industrialised world.

Economically, Haiti has been an unfortunate country, a prolonged drought has worsened long-standing problems for agriculture. Farmland have become more infertile because of continuous intensive use. The small bauxite industry was wound up three years ago because commercially exploitable ores had been exhausted. The tourist industry has been hit by reports that the country was one of the sources of the deadly disease, aids.

But all this has been compounded by what has long been accepted by most Haitians as the routine diversion of funds meant for the national coffers. It is widely held that much of this ended up in the private foreign banks accounts of those who surround the president.

The departure of the president, as much as this is welcomed by Haitians, will not guarantee the country immediate political peace. Many civilian leaders in the country and in exile, have indicated some willingness to serve in a post-Duvalier government, although those in the country had been understandably reluctant to proclaim themselves aspirants lest they fall victims to the Ton Ton Macoutes.

With the army succeeding the president, the country could be faced with a period of blood-letting as soldiers settle old scores with the Ton Ton Macoutes. The Church, having played a key part in fanning the flames of protest through its attacks on the Government, is also likely to provide new leaders.

The new Government will not lack foreign economic and political support. Having assisted in bringing about Mr Duvalier's downfall, Washington can be expected to be generous in efforts to build Haiti's beleagured economy.

The relief which is now pervading Haiti after the president's flight is likely to be followed by high expectations of early political, economic and social changes. The country's new leaders will be quickly tested on their ability to contain expectations which are unrealistic.

Fortunately the country is not short on men of ability but the fact that most of them have spent many years either in Mr Duvalier's prisons or outside the country make them strangers to the ordinary Haitians.

Being used to various dictators over the past 150 years the people of Haiti may not find it difficult to tolerate prolonged direct or indirect rule by the army, but Mr Duvalier's departure has brought an end to an era in Haiti's troubled history.

Libya orders interception of Israeli airliners

THE LIBYAN leader, Col Muammer Gadaffi, said he had ordered his air force to intercept any Israeli civilian airliner flying over the Mediterranean, **Reuter writes from Tripoli.**

He told a news conference the move was in response to Israeli's interception of a Libyan aeroplane last Tuesday.

"I have issued orders to the Libyan air force to intercept any Israeli civilian airliner over the Mediterranean and as long as they are within range of Libyan air bases," he said.

Reading calmly from a prepared statement, Col Gadaffi said any Israeli aircraft intercepted by his jets would be brought to Libyan territory and "the passengers will be searched to find Israeli terrorists wanted by Libyan courts."

He mentioned specifically, in his reference to "terrorists," former Premier Menachem Begin and Mr Ariel Sharon, the Minister of Trade and Industry. Col Gadaffi said the interception order would remain in force "until the Israelis stop committing such acts and until they abstain from targetting civilian objectives."

Our Tel Aviv Correspondent adds: The Israel Transport Ministry earlier announced new flight paths for all civil aircraft flying to Israel to keep them as far as possible from Syrian and Libyan airspace. The Ministry said the aim was to ensure that air links between Israel and other countries "would not be interrupted."

Egypt warns of payment delays

DR SULTAN ABU ALI, Egypt's Economy Minister, has warned of the possibility of further delays in payments on his country's foreign debt because of the slide in oil prices, **writes Tony Walker in Cairo.**

In an interview with the semi-official newspaper Al Ahram Dr Abu Ali called for a period of austerity in the face of Egypt's declining foreign exchange earnings. He insisted, however, that Egypt would do its best to meet its obligations to foreign creditors.

Dr Abu Ali called for rationalisation of domestic energy use, including price increases of up to 20 per cent,

Opposition presidential candidate Corazon Aquino casts her ballot at a polling station in Tarlac.

Complaints mount as Filipinos try to vote

Chris Sherwell reports on a day that went downhill

YESTERDAY was supposed to be a great day for the Philippines. In a "free, orderly and honest" presidential election, arguably the first in 20 years, 26m voters were to choose between Mr Ferdinand Marcos, the incumbent for two decades, and Mrs Corazan Aquino, politician for two months.

Both sides had campaigned hard. Both had called for calm on the day. Both expected to win. If nothing else, it was supposed to be a demonstrable display of democracy at work—albeit a unique form of it.

As great days go, it started out well. The sun rose in clear skies. Voters turned up before polling began at 7 am to make sure the ballot boxes were clear before being locked. As they arrived in their thousands, live radio and television coverage started, promising not to shut until a reliable result was known.

Unfortunately, it was all downhill from there. In Manila there was confusion as voters suddenly found their names missing from the electoral roll. Many traipsed from one precinct to another in a vain search for a place to vote. One woman learned that three unknown residents of her house had voted, while she couldn't—and she had lived in the same place for 30 years.

The most cynical explanation was that Mr Marcos's supporters wished to cut Mrs Aquino's votes and make any phony ones more effective. Visitors to other parts of the country reported the same phenomenon, affecting a significant proportion of the vote because people gave up the endless search for their names.

According to Mr Jose Concepcion, chairman of the National Movement for Free Elections (Namfrel), the independent citizens' watchdog for the poll, up to 10 per cent of the vote may have been affected in Manila. One US journalist put the figure as high as 50 per cent in parts of Pampanga province north of Manila.

But that was not all. By the afternoon reports came in from across the country that Namfrel volunteers were being prevented from monitoring the poll, despite being formally accredited to do so by the official Commission on Elections (Comelec).

One Namfrel Official said last night that the organisation would be lucky to cover 60 per cent of the 86,000 polling places. "They've disenfranchised the people," he said disgustedly.

At Namfrel's nerve centre in a sweaty hall in Mandaluyong, a part of Manila, most of the news seemed bad. In Roxas City, Panay Island, a volunteer was fatally shot as he sat on a ballot box to protect it. In a part of Manila, another was stabbed. Namfrel officials at one point appealed for help against "goons" at a polling centre because all their emergency teams were busy.

In Makati, the capital's business district, Namfrel people withdrew from watching the pool altogether. As counting

One of Mrs Aquino's advisers alleged that there had been vote-buying and terrorism as well as a fiddling of the rolls. Mrs Aquino herself said no one could rob her of victory, but most people were starting to wonder. A Comelec official said the poll was better than most.

There was excitement and cheering at the Namfrel centre when it announced a first result, from 11 nearby precincts, "Marcos 573, Aquino 1,603," it said. Then it was revealed that Mr Marcos had won 13,643-nil in a part of his northern stronghold of Ilocos.

Across town, at Comelec's centre in the impersonal concrete splendour of the Philippines convention centre, white-coated youths crowded over a bank of 100 gleaming computer screens, but offered few preliminary results. An official said only 23 telexed messages had been received from the capital area.

A short while later, just after 10 pm, Mr Marcos was seen on television claiming victory—hours before anyone had expected it or even offered a projection.

Opposition calls for statement by PM on Bristow

BY IVOR OWEN

OPPOSITION leaders yesterday demanded that Mrs Margaret Thatcher, the Prime Minister, make a statement in the Commons on Monday about the allegation by Mr Alan Bristow that he was offered a knighthood as an inducement to clear the way for the Sikorski/Fiat rescue package of the Westland helicopter company.

Mr Bristow, a 62-year-old self-made millionaire, who is a fervent supporter of the European consortium rescue package and has a 17 per cent stake in Westland, claimed on Thursday that the offer had been made by two unnamed Conservative peers.

Yesterday Mr Peter Shore, Labour's shadow leader of the House, was joined by Dr David Owen and Mr David Steel, the leaders of the Alliance parties, in refusing to accept that the matter could be disposed of in any other way than by a personal statement by Mrs Thatcher.

Mr John Biffen, the leader of the House, came under attack when he sought to shield the Prime Minister from an immediate return to the firing line by announcing that she had authorised him to deny Mr Bristow's allegation.

Repeating the terms of the statement issued earlier from 10 Downing Street, he said no authority to offer an honour to Mr Bristow had been sought or given.

No approach had been made to the Prime Minister that any such offer should be considered.

Mr Biffen said: "She has asked me to say that she would have dismissed any such approach out of hand as a total abuse of the honours system."

No member of the Government, nor anyone acting on its behalf, had made any offer of an honour to Mr Bristow or tried to bring pressure to bear on him in any way.

In an Independent Television News interview later, Mr Neil Kinnock, the Labour leader, made is clear that Labour intended to pursue Mr Bristow's allegation because of thedoubts already cast on the Government's credibility, particularly in regard to the extent to which it made use of patronage.

Hesaid: "It would be eccentric to the point of madness for someone with so much to lose to make such an allegation unless he believes thereis some substance to it."

Lord Fanshawe, the Conservative peer and former MP who is a director of Westland, dismissed Mr Bristow's allegation as "fantasy."

Viscount Whitelaw, the leader of the Lords, underlined the safeguards, including a scrutiny committee consisting of senior members of the Co nservative, Labour and Liberal parties designed to prevent abuse of the honours system.

A spokesman for Mr Bristow said after Mrs Thatcher's statement that Mr Bristow had never implied the offer of a knighthood came from Downing Street or the Government.

It was from people who at the end of the day might very well not have been able to deliver what thy offered.

"The pressure that was being put on him came from pro-Westland people who were insinuating that they could obtain honours for him and make him a considerable amount of money by buying his shares at 135p each," the spokesman said.

Owen urges TV reforms along lines of Fleet Street

BY PETER RIDDELL, POLITICAL EDITOR

TELEVISION MUST now experience the same transformation in restrictive practices and structure that Fleet Street was going through. Dr David Owen, the Social Democratic Party leader, said yesterday when presenting Granada Television's What the Papers Say awards in London. He said newspapers and television had unduly restricted choice.

After welcoming the end of an era of bad management and bad trade union practices in newspapers he said the problem was every bit as bad in television.

Referring to the Association of Cinematograph, Television and Allied Technicians, the main television union, and to the National Graphical Association, one of the two main print unions, he said: "The ACT is as bad as the NGA. There is gross over-manning, absurd restrictive practices and the viewers' choice has suffered."

After repeating his criticisms about a local balance in television's political news coverage, Dr Owen said the main answers were structural, to improve competition.

He said, in relation to both BBC and ITV, that independent producers should be encouraged to bid for programme oportunities, as had happened on Channel 4. They should do so, for example, by requiring that not less than 20 per cent of their output be independently produced.

He said this would tax trade union restrictive practices. The BBC and the IBA must be prepared to withstand industrial action, to broadcast programmes opposing some existing unions.

Moreover, he said the present francise allocation system should be altered so that the IBA should check whether those biding for a franchise were fit to exercise it.

Tories publish accounts

BY PETER RIDDELL

DONATIONS accounted for nearly three-quarters of the central income of the Conservative Party in the 1984-85 financial year.

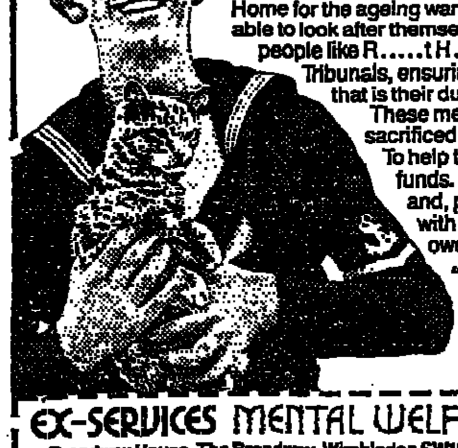
The party has published audited accounts for the year to March 31, 1985, but no comparable figures for earlier years.

The total income this year was £4.27m and expenditure £5.57m. The resulting deficit of £1.3m is not unusual in the middle of the life of a parliament, given the normal fluctuations in the level of donations and income between general elections.

Donations amounted to nearly £3m, though no details are given of the split between corporate and individual gifts.

This compares with £971,000 of contributions from constituencies and £281,000 in affiliation fees and other income, both deriving from membership subscriptions and other local activities.

The largest item of expenditure is £3.49m — on personnel.



BA plans free shares for staff after sell-off

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' 38,000 staff will each get up to £70 worth of free shares in the airline when it is privatised later this year.

In addition, each eligible employee will get further free shares, on the basis of two free for every one bought, and yet more shares at a 10 per cent discount on the full offer price.

These offers for BA staff are revealed by Mr Colin Marshall, chief executive, in the airline's staff newspaper.

The flotation is expected to raise about £1bn for the Treasury.

Mr Marshall admits that privatisation has been delayed because of the litigation in the US stemming from the Laker Airways' collapse.

However, he says that "If the remaining obstacles can be resolved quickly, the way should be open for an offer for sale this summer, but the Government has taken no decision yet on when the flotation should take place."

The remaining obstacles include the recent $300m (£215m) claim lodged in the US courts by Mr Robert Beckman, the Washington attorney acting for former Laker Airways pilots and other employees, on the basis that many of those employees were damaged financially by the collapse.

BA, British Caledonian and other airlines are named in the Beckman claim, but they reject the allegations and deny any liability.

BA says the exact details of the share offer will be published as soon as possible.

A unit has been set up inside the company to prepare for and support the sale of shares and to act as an information bureau on the employee's share opportunities.

The airline points out that there will be a "number of different opportunities for eligible staff to invest in the company when shares are offered for sale by the Government." These are:

- The £70 worth of free shares;
- Up to another £100 worth at the full offer price, on the two-free-for-one-bought basis;
- Priority in buying for employees over the general public;
- A 10 per cent discount on the full offer price on the first £2,000 of shares bought on this priority purchasing basis.

"Quite separate from these opportunities is the profit sharing share scheme," says BA. The profit sharing scheme was introduced some time ago and now covers about 9,000 staff.

Already some 9,000 staff are involved in this arrangement, which will enable them to acquire shares in a tax advantageous manner at the full offer for sale price.

Pharmacists' contract to go ahead

By Tony Jackson

A CONTRACT between the Government and dispensing chemists was given the go-ahead yesterday, by Mr Barney Hayhoe, Health Minister, in a parliamentary reply.

The contract, criticised by small chemists as restrictive, limits the number of pharmacies allowed to dispense under the National Health Service.

It aims to trim £4m from NHS costs, of which £2m will go to the Government and £2m to the pharmacy profession. Savings will be made through reduced payments per prescription made to small chemists.

Part of the money the profession recoups will be paid as compensation, on a sliding scale up to £22,000 apiece, to chemists forced from business. About 300 of the country's 10,000 community pharmacists will resign from NHS dispensing because of the measures.

A parliamentary bill which is expected to be introduced this summer will empower local pharmacy practice subcommittees to limit the number of pharmacy contracts in their area.

Call for legal aid fee rise rejected

BY HAZEL DUFFY

THE Lord Chancellor yesterday rejected calls from the legal profession that the Government should significantly increase criminal legal aid fees.

On the eve of an extraordinary general meeting of the Bar, Lord Hailsham has fanned the flames of rebellion among the estimated 2,000-plus barristers who depend on criminal legal aid for a large part of their fees.

In a letter to Mr Robert Alexander, chairman of the Bar, he writes that he has yet to be convinced that the Bar's claim for a 30 per cent to 40 per cent increase can be justified.

Instead, he has agreed to raise fees to barristers and solicitors by 5 per cent from April 1. He acknowledges, however, "the concern of the Bar to keep fees at a level which will continue to attract competent people to criminal work" and has accordingly asked his officials to give further thought to "a way forward."

A similar letter was sent to Mr Alan Leslie, president of the Law Society, who had asked for increases ranging from 26 per cent to 34 per cent.

The Law Society said it was angry and astonished at the Government's announcement, and warned that many solicitors offering legal aid services would withdraw.

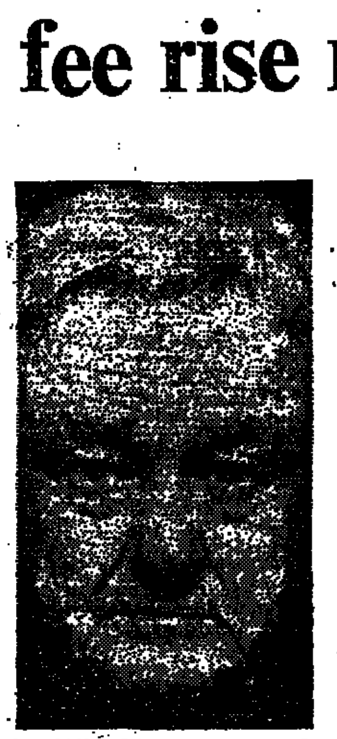
The solicitors' professional body said the earnings of a partner in a ful-time criminal legal aid practice averaged £13,300 from which pension and other contributions had to be made, and that a 17 per cent increase was neede simply to keep pace with the level in 1982, when the present criminal legal aid scheme was introduced.

The Bar, described the Government's response to its claim as deeply disturbing, and acused the Government of stifling any attemp to discuss the Coopers & Lybrand report on which their claim was based.

Solicitor, already dismayed at the loss of their monopoly rights to conduct conveyancing on property, have little option but to accept the Lord Chancellor's offer.

Barristers, however, wil vote today on a proposal that they should refuse to handle briefs unless a reasonable fee has been agreed in advance. If they agree, the Crown Prosecution Service, which comes into operation in the metropolitan counties on April 1 and all England and Wales on October 1, could be threatened.

Another letter released yesterday, from Sir Michael Havers, Attorney General to Mr Alexander, confirms that the Government intends to adopt a system of pre-negotiated fees in the new service. It warns however, that in magistrates' courts, solicitors have already agreed to a pilot scheme whereby they receive sessional (half-day or daily) fees, and, by implication, that barristers should be prepared to do the same.



Lord Hailsham: yet to be convinced

Behind the skirmishings between the Lord Chancellor's department and the legal profession lies the restraining hand of the Treasury. Alarmed at the increasing cost to the taxpayer of legal aid from £213m in 1982-83 to a projected £356m in 1986-87, the Government is in no mood to grant fee increases *above the rate of inflation.*

The efforts of theprofession to press their claim by comparing their earnings with those of lawyers in thecivil service were, perhaps, destined for failure with a Government that dislikes comarability.

Their case, particularly that of the barristers, was not enhanced by a tendency to exaggeration to which Lord Hailsham draws attention—the minimum hearing time for guilty pleas was put in their consultants' report as two hours. According to the Lord Chancellor's Department, the average hearing time in the second quarter of 1985 was 0.7 hours.

A much greater readiness to dismantle some of the archaic rules of the profession and promote efficiency will be demanded before the barristers' claims will be met.

Outside inspectors to investigate Sumrie

BY TERRY POVEY

MR MICHAEL HOWARD, Minister for Corporate and Consumer Affairs, yesterday appointed two inspectors from outside the Civil Service to pursue inquiries into the ownership of Sumrie Clothes.

The action follows an inquiry into the Leeds company by Department of Trade and Industry inspectors. This was launched following allegations against Mr Michael Hepker, Sumrie's chairman, in the Commons by Mr Brian Sedgemore, Labour MP for Hackney South and Shoreditch.

The MP also linked Mr Hepker with a bad £1.1m loan made to a property development company by Johnson Matthey Bankers.

The Trade and Industry Department said yesterday that its officials found nothing untoward in the company's affairs but that allegations of the existence of a concert party controlling the company and of failures to make proper declarations of directors' shareholdings required further examination.

Mr Hepker said yesterday that the "central finding of the inspectors was that the company's affairs were in order."

Referring to allegations made in parliament over his management of Sumrie, Mr Hepker said: "Mr Sedgemore has fallen flat on his face and should be man enough to say he was wrong."

On the concert party matter, Mr Hepker claimed: "This is a minuscule issue compared with the major allegations made previously. The worse that the Companies Act would require of us—and I deny that a concert party exists—if the inspectors find against us, is that a footnote should be included in the annual report."

The controversy over who controls Sumrie centres on the ownership of 28.6 per cent of the company by Le Chevalerique, an offshore company registered in the Isle of Man in which Mr Hepker has a financial interest.

One of the other large shareholders in Sumrie is Mr Keith Humphris, a long-standing friend of Mr Hepker, with a 7.5 per cent stake.

Mr Hepker accepts that he introduced his friend to the former owner of these shares but denies that any concert party exists.

The outside inspectors appointed by the minister are Sir Michael Kerry QC and Mr Keith Stanley Carmichael, an accountant with Longcrofts. Their report is likely to be published given the public interest in this case, officials indicated.

This is only the third time that investigations under this section of the Companies Act have been carried out. On both previous occasions, ministry inspectors conducted the inquiries.

The Takeover Panel is carrying out a separate inquiry as to the possibility of a concert party acquiring more than 29.9 per cent of Sumrie's issued shares. If it finds that this was the case, it could order that a full bid be made for the company under the Takeover Code.

BL buses 'still attract' Volvo

By Kenneth Gooding

VOLVO of Sweden would still be interested in buying the Leyland bus division of the state-owned BL group if talks with Metro-Cammell-Weymann, part of the Laird group, were to break down, the company said yesterday in Gothenburg.

However, the company has no interest in the Leyland truck business. Volvo made its first approach to BL three years ago but was turned down. Since then, the Laird group has offered MCW to Volvo without success.

Laird has now changed its mind and is negotiating to buy Leyland Bus from BL to form a merged British group.

BL at the same time hopes to sell the truck interests to General Motors of the US.

Volvo has a heavy commercial vehicle assembly plant at Irvine in Scotland, where it produces all the double-deckers it sells in the UK—only about 50 last year because of the deep recession in demand.

Volvo yesterday indicated that, if it bought Leyland Bus, the only facility likely not to be threatened with closure would be the modern bus factory at Workington. Metro-Cammell-Weymann has also indicated that Leyland would have to be further rationalised following a take-over.

Volvo employs about 400 at Irvine and produced about 1,600 vehicles last year. That should increase to about 2,000 in 1986.

The status of the Scottish plant within the Volvo truck corporation has recently been uprated after a £750,000 rationalisation programme.

But Mr Sten Langenius, chairman of the corporation, said yesterday the European heavy truck industry was changing so fast he could give no long-term guarantee about the factory's future.

January car sales ahead 10%

BY JOHN GRIFFITHS

THE UK new car market got off to a flying start in January. Registrations, at 173,275, were up by more than 10 per cent compared with the same month of 1985—itself a year in which a new sales peak of 1.83m units was achieved.

The January sales performance provides early support for a view expressed tentatively last autumn by Mr Sam Toy, chairman of Ford UK, that the home market might be entering a period of sustained growth as a result of heightened price competition.

Last year's record sales were not expected by the industry, which had forecast a slight decline from 1984's 1.75m sales.

Ford remained the clear market leader and increased sharply both its unit sales and market share compared with January last year. Statistics from the Society of Motor Manufacturers and Traders yesterday showed its unit sales up by 24 per cent and its market share increased from 24.13 per cent to 27.01. Run-out incentives on the best-selling Escort and Orion range together with a cheap financing scheme are believed to have been factors in Ford's strong performance.

However, the market is being strongly influenced by incentive schemes operated by all the big producers.

A "*Go one Better*" *campaign* in which larger-engined or higher-specification models are being offered for the same price as cheaper versions and an incentive scheme under which dealers meeting sales targets can earn extra margins of up to 2.5 per cent, are also understood to have been factors in the 18.65 per cent market share won by Austin Rover.

The BL subsidiary sold 31,903 units in January, its highest for the month since 1979. Yet the market share was down from 19.2 per cent the previous January.

Austin Rover's performance moved it well clear of third placed Vauxhall/Opel, which achieved a share of 17.24 per cent and whose unit sales were down 9 per cent on the previous January. In four out of 12 months last year, Vauxhall/Opel had overtaken Austin Rover to win second place.

The market share taken by imports fell sharply to 52.89 per cent from 56.38 per cent last year.

The traditional importers were led by Volkswagen/Audi, which achieved a 6.99 per cent share. A strong performance was also put up by Volvo, which overtook Peugeot/Talbot to take second place in the importers' rankings

Peugeot/Talbot, however, hopes this month to start feeling the benefit of its new *Peugeot 309 model.*

January's top ten best sellers were: Ford Escort, 15,140; Austin/MG Metro, 12,255; Vauxhall Cavalier, 12,139; Ford Fiesta, 10,909; Ford Sierra, 10,331; Vauxhall Astra, 8,351; Austin/MG Montego, 8,035; Ford Orion, 5,887; Austin/MG Maestro, 5,693; Vauxhall Nova, 5,525.

UK CAR REGISTRATION—JANUARY

	1986	%	1985	%
Total market	173,275	100.00	156,823	100.00
UK produced	81,621	47.10	68,403	43.61
Total imports	*91,654*	*52.89*	*88,420*	*56.38*
BL	32,308	18.65	30,586	19.50
Ford	46,930	27.08	37,845	24.13
GM-Vauxhall/Opel	29,864	17.24	32,682	20.84
Volkswagen-Audi	12,105	6.99	11,061	7.05
Volvo	6,782	3.91	5,795	3.70
Peugeot/Talbot	6,579	3.80	5,001	3.19
Renault	5,949	3.43	6,601	4.21
Fiat	5,259	3.04	3,590	2.29
BMW	4,497	2.60	4,094	2.61
Nissan	3,530	2.04	2,731	1.74

Source: Society of Motor Manufacturers and Traders

NCB seeks more time for pit decision

BY MAURICE SAMUELSON

THE NATIONAL Coal Board yesterday asked for more time to decide whether to close Bates colliery in Northumberland, employing 880 men, which an independent assessor says should stay open for soicial reasons inspite of heavy losses.

Bates is only the second threatened pit to be studied by the modified Colliery Review Body set up last year

The assessor, Mr Peter Bowsher QC, concluded that although Bates would never make a profit, it should remain open to see if results could be improved. Another assessor, Mr Stuart Shields QC, has accepted the NCB's bid to close Horden pit in County Durham, which has lost £64m since 1974-75, the last time it was profitable.

Under the agreed terms of the new modified review procedure, the NCB is obliged to give "full weight" to the assessors' findings, while keeping the right to take the final decision.

The NCB is believed to be unhappy that the Bates assessor should have given so much weight to the social consequences of closure, especially as the adjudicator on Horden, which employs 870 men, apparently chose not to take such criteria into account.

Outright rejection of the plea to keep Bates open could revive tension in the coal industry and embarrass the Government. Before discussing it again at a specially convened meeting this month, the NCB is likely, therefore, to sound out the Government about the political implications.

Regional body agreed for the north

BY WALTER ELLIS

LOCAL authorities in the five northern most English counties have agreed unanimously to the setting up of a Northern Region Councils Association (NRCA).

It is intended that the association should form part of a wider body, to include the CBI and the TUC in the north, that would be recognised by the Government as an authentic regional voice. It is hoped that such a body could act as a reference point for companies considering re-locating in northern England.

Mr Norman Tebbit, when Trade and Industry Secretary, said that he would welcome the formation of a single organisation to speak on northern affairs. There already exists the North of England Development Council, linking county councils, the CBI and the TUC, but funding is said to be inadequate.

Councillor Hugh Little, leader of Cumbria County Council, who heads a steering committee which has worked to set up the NRCA, said yesterday that the association represented "a giant step forward in terms of promoting the regional case with the Government and other organisations, such as the EEC."

The NRCA, with 34 member councils drawn from Northumberland, Durham, Cleveland, Tyne and Wear and Cumbria, will hold its first meeting next month, prior to the abolition of Tyne and Wear County Council, a notably successful magnet for new industry. It is hoped that steps can then be taken to form the tripartite grouping to engage in talks with the Department of Trade and Industry.

£1bn tap stock announced by Bank

By George Graham

THE Bank of England yesterday announced the issue of £1bn of new gilt-edged bonds. The new tap stock — 10 per cent Treasury maturing in 1993 — is to be offered to the public by tender by February 12 at a minimum price of £[illegible] per cent.

The securities will yield 11.26 per cent annually and are issued in partly-paid form. The first £20 is due on the tender, with a further £20 on April 7 and the balance on May 19.

Banking officials said that the partly paid form of the tap stock indicated that there was no pressure to complete the funding of the Government's borrowing requirements in this fiscal year.

Only £200m of the issue's proceeds will be received this tax year.

The tap stock is free of tax to residents abroad, the first that the Bank has issued in this form for over a year. Stockbrokers said the authorities appear to have designed the stock to make it attractive to overseas investors.

Perkins Engines to close plant

PERKINS ENGINES is to close and sell the site of its Fletton plant in Peterborough to save about £360,000 a year in overheads. The 100-strong workforce will probably go, in a move taking about a year, to the company's main Eastfield Road factory, which employs 5,100.

The Massey-Ferguson of Canada subsidiary said a planned rise of 33 per cent in Cambridgeshire county rates prompted the move. The Fletton plant makes large V8 engines. It pays about £129,000 a year in rates.

Fletton produces about 2,500 engines a year. The move to Eastfield Road, where 5,100 people are employed will take about a year, after which the Fletton site will be sold.

GEC to shed 70 Liverpool jobs

General Electric Company (GEC) yesterday said it is to shed another 70 jobs at its installation equipment works at Fazakerley, Liverpool. Some would go by voluntary redundancy but compulsory severence was not ruled out.

The decision follows 95 job losses announced last November when 1,400 were employed at a complex which initially had more than 10,000 workers. Falling orders and industrial disputes last year over earlier redundancy proposals, which cost one-sixth of the year's working days, were blamed. Four unions are to call a mass meeting.

Next chairman of IoD named

SIR PETER WALTERS, chairman of British Petroleum, is to be the next president of the Institute of Directors. He succeeds Sir Kenneth Corfield, former chairman of STC, who resigned last year.

The IoD has 33,000 members worldwide, most of whom are chairman, managing directors or chief executives of their companies. Last week it announced a 7 per cent increase in membership during 1985.

Highfield Commodities

OUR REPORT of the compulsory winding-up by the High Court on Tuesday of Highfield Commodities incorrectly stated that the Official Receiver had told the court that the company was owed more than £880,000 by its directors, Mr David Whitfield and Mr David Harrison, and that Mr Harrison's personal liability was in excess of £705,000.

In fact Mr Whitfield owes the company £1,542 and has a counter-claim against the company for £2,403.

Debts totalling more than £858,000 are owed to Highfield by companies associated with it and not, as was reported, by companies associated with Mr Whitfield and Mr Harrison.

مطابق للأصل

Fiona Thompson looks behind the scenes at the Crufts show

It's a dog's life for the breeders

Jackie Ivison from Tyneside with Fallon and Dylan at Earl's Court.

CHAMPION STAR of the Gun at Montravia and her brother, Kelramo Great Guns of Montravia — Dawn and Mervyn to their friends—will go into the family business today. It must be said that they have no immediate prospects of following in their distinguished father's pawprints.

Dawn and Mervyn, standard poodles nearly two years old, are making their maiden appearance at Crufts, the premier event in the dog breeders' calendar. Their father, Champion Montravia Tommy Gun — Tommy for short — was last year named the supreme champion.

It might be assumed that Tommy's Best in Show title would have substantially boosted the finances of the family business. Not so, says Marita Gibbs, who with her parents Peter and Pauline Gibbs, runs one of the leading kennels in the country breeding Afgans and Poodles, including Tommy and his offspring.

"There's no money in winning Crufts," says Marita. "It's very prestigious but you don't do it for the money, it's for the reputation."

Certainly the official winnings are no more than notional. Indeed, the Kennel Club, which runs Crufts, abandoned cash prizes years ago and the winnings are now donated by Metal Box, which makes the tins for Pedigree Petfood's Chum. The supreme champion takes home £100, the reserve best in show £50.

Breeding dogs is an expensive business. Marita and her parents usually have between 35 and 40 dogs at their kennels and home in Farnham, Surrey. Apart from 50 cans of Chum a week, the dogs eat £148 worth of dog meal, basic biscuit, frozen bricks of minced tribef—tripe and beef—and Ambrosia rice puddings, which the puppies adore.

They employ two kennel girls, drive thousands of miles every year to championship shows around the country in a motor caravan converted to mobile kennels and pay fees of £7 to £8 to enter each dog in contests which more often than not offer no prize money — just the chance of getting a coveted challenge certificate.

Three challenge certificates are needed before a dog can be called a champion. To qualify for Crufts the dog must win a first at one of the 30 or so championship shows held throughout the year.

Show dogs have to be bathed and dried once a week — a 4½-hour job — which requires full-size baths and stand-up dryers. The dryers cost between £300 and £400.

Mrs Pauline Gibbs, who bought her first poodle in 1948, said: "People breed and show dogs because they love it. It is a most expensive hobby."

The importance of winning Crufts lies in its ability to enhance a dog's reputation and improve stud fees and the asking price for puppies. Even so, according to Mr Gibbs, fees for either will rarely exceed the £100-£200 range.

And what about television commercials; the "top breeders wouldn't feed their puppies on anything but Pedigree Chum" type? Surely the breeders do not do the commercials for love?

According to Ms Pam Wright, Pedigree Petfoods external relations manager, for "product endorsement by user" commercials, the company pays the breeder a photographic fee of about £50 and a small expenses fee. There are no repeat fees each time the commercial is aired.

Angela and David Cavill, top breeders of Finnish Spitz hounds from Bracknell, Berkshire, received £400 in out-of-pocket expenses for a Pedigree Chum commercial last year — not a lot it would seem for giving your house over to a television crew for three days, including unlimited access to the telephone and kettle.

Mr Cavill believes people breed dogs for "the love and status." Crufts is "about winning—breeding dogs better than anyone else."

Few breeders make more than a living wage and most rely on additional income. The Cavills run the Canine Studies Institute offering correspondence courses on judging, breeding and kennel management and Mr Cavill is a school teacher in Bracknell.

No one could make a lot of money out of selling puppies unless he operated on a "battery puppies" basis which, according to Mr Cavill, some breeders do. The serious breeder however, aiming to produce the best possible stock, would breed only occasionally.

It is in exporting dogs that the highest profits are made. There is a constant demand for British puppies.

The number of dogs registered with the Kennel Club averages 180,000 a year. In 1984 the club issued 5,700 export pedigrees for dogs leaving the country.

"It's a multi-million pound business," said Mr Cavill. "The UK still breeds the best dogs in the world. Exported puppies are sold for at least twice the standard puppy fee."

A record 11,830 dogs have been entered for the three-day Crufts event this year. The terriers and working dogs were going through their paces at Earls Court yesterday.

The spectators, handlers, ring stewards, judges and their scribes were all very intense. The dogs seemed more relaxed —it was a good day out.

Hitch for spending councils

Financial Times Reporter

A HIGH court judge yesterday gave the go-ahead for legal challenges to plans by Greater Manchester Council and West Midlands County Council to indulge in spending sprees before their abolition at the end of March.

Mr Justice Simon Brown also announced that there would be room in the High Court lists for similar cases to be mounted against other metropolitan county councils facing abolition.

The judge granted the Conservative-controlled Trafford Metropolitan Borough Council leave to seek a judicial review of Greater Manchester's proposal to spend £10m on last-ditch projects.

Trafford claims the move is unlawful and wrong because it will result in £23m grant penalties being imposed. In effect, it would cost £33m for 10m in benefits.

The judge declared the case was "properly arguable" and accepted an undertaking from the GMC not to spend the money before the case is heard on February 18.

He also gave leave for Solihull and Walsall Metropolitan Borough Councils to challenge a decision of West Midlands County Council to spend money allocated for Birmingham International Airport on other projects.

Solihull and Walsall are asking the High Court to quash a decision made on Wednesday by the county council's finance committee to spend £800,000 of the airport fund on various matters not related to the airport.

The councils say there was lack of consultation and the county council acted in breach of "natural justice." Normally the fund finances runway maintenance and meets deficits arising from the airport's operation.

SIB chairman stresses duty of auditors to act as watchdogs

BY ALICE RAWSTHORN

COMPANY AUDITORS will have a duty to act as "watchdogs" for the Securities and Investments Board when it comes into operation and should report any errors and discrepancies they detect in the affairs of financial institutions, Sir Kenneth Berrill, SIB chairman, said yesterday.

Although the board is still discussing the nature of its regulatory role with the auditing profession, Sir Kenneth, speaking at the Accountant and Stock Exchange Annual Awards presentation, mapped out the sort of role the board envisages for auditors.

Auditors would have a duty to report errors and discrepancies to the board where:

- They became aware of a failure of internal controls, records or systems which could be expected to be sufficiently detrimental to the interests of investors and which the management had not taken adequate steps to remedy.
- They realised that the regulator has been given seriously misleading information about the state of the business or there had been a failure to report information.
- The auditor, after discussion with management, considered that he or she needed to qualify the accounts.
- There were strong grounds for suspecting incidence of fraud, the consequence of which would be detrimental to investors.

Under exceptional circumstances the board wants auditors to report the discrepancies immediately, without giving prior notification to the company.

This would arise only if the discrepancies were serious enough to merit freezing the company's assets or taking steps to prevent the removal or destruction of information or assets.

"It is naive to assume that the auditor can, in some straight forward and simple way, take upon himself the role of watchdog for the public interest or, in the case of the regulatory system, for the interests of investors," Sir Kenneth said.

"But I do believe that they can and should play a useful role in underpinning the system of regulation now set up for investment businesses."

- The Accountant and Stock Exchange Annual Awards for annual reports were won by Imperial Chemical Industries for its 1984 report, audited by Price Waterhouse and Thomson McLintock, and by East Midlands Allied Press for its 1985 report, audited by Arthur Young.

Court orders Belfast council to set rate

BY OUR BELFAST STAFF

THE UNIONIST tactic of refusing to set district council rates in Northern Ireland in protest against the Anglo-Irish agreement was upset yesterday by a judgment of the Belfast High Court.

Mr Justice Hutton, in a reserved judgment on an application by members of the non-sectarian Alliance Party, ordered the Unionist-controlled Belfast City Council to meet before February 15 to set the rates.

Unionist councillors, who control 18 of Ulster's 26 district councils, decided unanimously last weekend not to set rates before the February 15 deadline.

Belfast, like a number of Unionist-controlled councils, has suspended meetings and delegated business to its town clerk as a protest against the agreement.

The judge said the decision to suspend meetings amounted to an abuse of power. The law enabled councils to suspend meetings and delegate business to assist in the efficient running of councils, but the decision taken in the present case was in protest against the Anglo-Irish agreement and a power given for one purpose could not be used for another.

Highland Express to fly transatlantic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HIGHLAND EXPRESS, a new, low-fare transatlantic airline, has been licensed by the Civil Aviation Authority to fly between Stansted, Birmingham and Prestwick (Scotland), and Newark (New York) and Toronto, subject to its completing satisfactory financing. Operations are expected to start on June 1 using a Boeing 747 Jumbo jet.

The airline was set up by Mr Randolph Fields, the US lawyer living in London who founded British Atlantic Airways, which became Virgin Atlantic when Mr Richard Branson's Virgin Records group took it over.

This is the second time Highland Express has sought a transatlantic licence. The first time, the CAA refused it because financial arrangments were inadequate.

Under the licence granted the airline can fly one service a week between Birmingham, Prestwick and Toronto; two services weekly between Stanstead, Prestwick and Toronto, and between Stanstead, Prestwick and Newark; and two services weekly between Birmingham, Prestwick and Newark.

This in effect will amount to daily transatlantic operation withone Jumbo. The CAA's view is that the airline may have to acquire a second carrier to fulfil such a tight schedule.

Full details are to be announced on Monday by Mr Fields. It is understood the airline will offer a one-way UK-North America fare of £99, at least initially.

The airline will make Prestwick Airport, near Glasgow, the hub of its operations. It will not therefore directly compete with the two other low-fare transatlantic airlines Virgin Atlantic and People Express which fly from Gatwick, south of London, to Newark.

Legal Notices

No. 00263 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
HAT GROUP PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 14th January 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company by the sum of £9,185,499.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 17th day of February 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 6th day of February 1986.
BERWIN LEIGHTON of
Adelaide House, London Bridge
London EC4R 9HA.
(Ref. RS)
Solicitors for the above-named

ECONOMIC DIARY

TODAY: Young Conservatives conference (and tomorrow), Winter Gardens, Blackpool.
TOMORROW: Crufts supreme champion chosen, Earls Court.
MONDAY: January provisional producer price index numbers. Swansea City winding-up hearing, High Court. TUC delegation meets the Chancellor of the Exchequer on Budget submissions.
TUESDAY: Building Societies' figures for January. Mr Paul Channon, Industry Secretary, general secretary, speak at British Institute of Management conference, Dorcester Hotel, W1. National Farmers' Union starts two-day annual conference, Chelsea Town Hall. TSB Scotland appeals against court ruling blocking planned flotation.
WEDNESDAY: Institute of Fiscal Studies conference: The 1986 Budget?, Bowater Conference Centre, SW1. Deadline for EETPU to obey TUC orders on News International dispute. Westland shareholders meeting.
THURSDAY: London sterling certificates of deposit for January, and mid-January figures for UK banks' assets and liabilities and the money stock. January provisional figures of vehicle production. TUC consultative conference on government cash for union ballots. Halifax Building Society annual statement.
FRIDAY: December index of output of the production industries. Usable steel production. SDP Scottish conference opens (until

Contempt move against NCB adjourned

By Raymond Hughes,
Law Courts Correspondent

A MOVE to bring contempt of court proceedings against the National Coal Board has been adjourned to await the outcome of negotiations to settle legal actions in which the board is involved in Scotland.

At a private hearing in the High Court Mr Michael Arnold, the receiver of the National Union of Mineworkers, has been seeking leave to issue contempt proceedings in connection with the NCB's handling of union contributions of Scottish miners.

Mr Justice Mervyn Davies adjourned the hearing indefinitely.

The NCB and Mr Arnold are parties to three legal actions over Scottish miners' contributions.

The Scottish area of the NUM and the Scottish Colliery Engineer, Boilerman and, Tradesman's Association have each sued Mr Arnold and the Board claiming payment of their members' contributions. The NCB issued counter-proceedings against the Scottish area and Mr Arnold.

Negotiations are in progress and there are hopes that the actions will be settled.

Social security offices closed by strikes

By Our Labour Staff

STRIKES closed 43 of the 63 social security offices in Wales and the West Country yesterday as the Civil Service unions began a series of regional one-day stoppages over staffing.

The unions have demanded 15,000 extra staff in the Health and Social Security Department and claim that the Government's response so far—an increase of 2,000 in manning levels—has created only four more jobs because additional numbers had already been recruited for benefit uprating and backlog work.

Strikes are planned in one or more regions each Friday this month, with prolonged stoppages expected in London and other cities in March.

More than 3,000 members of the Civil and Public Services Association, the main union involved, were said to have been on strike.

Irish schools dispute likely

IRISH schools face a lengthy period of strikes and exam boycotts by teachers following a government decision to amend a pay award recommended by the state arbitration service.

In an unprecedented move, the Fine Gael-Labour coalition pushed a motion through Parliament on Thursday night which offered a 7 per cent pay rise over 18 months—the same as the rest of the public service has been offered—plus the 10 per cent arbitrator's award phased in over two years but not back-dated.

Civil Service unions face opposition to political fund

BY DAVID BRINDLE AND IVOR OWEN

THE GOVERNMENT yesterday launched an open campaign against the Civil Service unions planning to set up political funds. It said such moves "will not be seen in keeping" with the service's political neutrality.

At the same time, the Inland Revenue gave belated assent to the Inland Revenue Staff Federation's request for facilities for a political fund ballot on February 26, but witheld paid time off for about 3,500 scrutineers.

The Government's overt criticism of the IRSF and other Civil Service unions intending to establish political funds—to finance "political" activities as redefined by the 1984 Trade Union Act—followed the informal communication of displeasure over previous weeks.

Mr Peter Brooke, Treasury Minister, said in a Commons statement yesterday that the unions in question were wrong to contend that the act laid them open to challenge if they spent from their general funds on "poliitical" activities against the Government, as employer.

He said in the statement to be circulated to the 500,000 white-collar civil servants: "If, wholly unexpectedly, unions were to experience difficulties in the courts on challenges that money had been wrongly spent from their general funds on activities to defend or improve their members' terms and conditions of employment, the Government would be ready to contemplate changing the law."

Union leaders and opposition politicians seized on this reference to changes in the law as an admission that the unions' fears were well-founded.

Dr Oonagh McDonald, from the Labour front bench, said the reference was a "quite staggering" implication that the Government was uncertain of the effects of its own legislation. "No union can possibly act on the basis of hope, not certainty, that its activities are legal."

Mr Alistair Graham, general secretary of the Civil and Public Services Association—which plans to hold a political fund ballot in September—said the Government was offering no indemnity against legal costs or damages that unions might incur if challenged over spending.

The Civil Service Union, the third civil servants' union proposing to hold a political fund ballot, is being held up by procedural difficulties.

The Government's Certification Officer, who oversees administration of the fund ballots, says the union must first either hold a conference or stage a separate ballot to clarify the appropriate rule change made last year.

Mr John Sheldon, CSU general secretary, said "We are being deliberately frustrated in our genuine attempt to establish a political fund so that we can defend civil servants' pay and conditions—issues this Government has made political."

The IRSF, which had threatened to take the Revenue to court unless it responded by today to its six-month-old request for ballot facilities, will have to pay the wages of its scrutineers on the day of the union's vote. The Revenue said it was witholding paid time off because the political fund issue was not a matter affecting staff-management relations.

Mr Tony Christopher, IRSF general secretary, said the coincidence of the Revenue's delayed reply to the union's request and the minister's "extraordinary" statement was curious.

Bill published to remove curbs on working hours for women

BY DAVID THOMAS, LABOUR STAFF

A BILL which abolishes restrictions on women's hours of work and removes the exemption of businesses with fewer than five employees from the 1975 Sex Discrimination Act was published yesterday by the Government.

The Sex Discrimination Bill removes statutory restrictions which prevent women working shifts and at night, lay down the maximum number of hours they may work and curtail overtime working.

For example, there are restrictions on women working more than 10 hours a day in factories on five-day weeks.

Companies at present have to apply to the Factory Inspectorate for exemptions if they want their women employees to work outside the stipulated hours. For instance, 80,000 women are exempt to work between 10 pm and 5 am.

Mr Ian Lang, Employment Minister, said this part of the Bill "will promote equal opportunities and save employers unnecessary time wasting bureaucracy."

The proposals were originally canvassed as part of the deregulatory White Paper, Lifting the Burden, in July 1985.

The Equal Opportunities Commission supports removing these restrictions, but wants certain safeguards, such as the right of access to facilities like canteens during night work.

It also wants safeguards against existing female staff being forced to work at night against their will.

The TUC is strongly opposed to these propsals. It says they will lead to deteriorating health for women, especially when they have to look after a family during the day.

The second part of the bill was forced on the Government by a European Court of Justice ruling in 1983 that the 1975 Act failed to comply fully with the European Community's directive on equal opportunities.

The exemptions for businesses iwth less than five people and for private households from the 1975 Act are to be removed, though the bill retains certain exclusions for employment in a private household.

It makes void and discriminatory provisions in collective agreements and repeals restrictions might working by men in bakeries.

Rights sought for workers in takeovers

BY OUR LABOUR STAFF

THE Transport and General Workers' Union, Britain's biggest union, may adopt a policy aimed at giving workers a right to be consulted about takeover proposals affecting their companies.

Any proposals the TGWU adopts on takeovers are likely to be influential with the Labour Party.

The union has members in some companies faced with take-over or restructuring proposals, such as Allied Lyons, Distillers and Westland.

The views of workers and unions have been cited by some companies involved in this spate of takeover proposals.

However, an article in the union journal by Mr Tod Sullivan, one of its national officers, is sceptical about companies' motives for involving their workers in take-over proposals.

It says: "If the directors see their own future in jeopardy they may call in the unions to try to use their influence to get the matter referred to the Monopolies and Mergers Commission."

The article proposes a set of statutory rights for workers and unions faced with takeover proposals, which are likely to be put before the TGWU executive for approval in June.

"What is needed is a statutory requirement for companies to consult the trade unions initially and the workforce, and to win their acceptance before putting takeover provisions to shareholders."

It also suggests that a company making a takeover bid should provide a prospectus for the employees setting out their proposals and that this would be a formal contract if the takeover went ahead.

APPOINTMENTS

Managing director for Gordon and Gotch

GORDON & GOTCH HOLDINGS has appointed Mr C. H. Thomas as group managing director from April 1. Mr A. P. Smith remains chairman, but becomes non-executive from the same date.

★

The London Docklands Development Corporation (LDDC) has awarded two contracts totalling £10.3m for the construction of sections of a new drainage network for the Royal Docks.

The network, at an overall cost of £30m, will prepare the Royal Docks for regeneration and is being designed by Sir William Halcrow & Partners.

A. STREETERS & CO, a wholly-owned subsidiary of Costain, has the £8.9m Phase 2 contract for construction of foul and surface water tunnels north and south of the Royal Victoria Dock and in the area of the Connaught crossing. Almost four miles of surface water tunnels, 1.8 to 2.1 metres diameter, will drain to the tidal basin pumping station, which forms the next phase of the drainage construction plan. Foul flow tunnels, three miles long and measuring up to 1.8 metres diameter, will drain to a new pump station to be built as the final phase of the plan at Store Rd, North Woolwich. The contractor will use two full-face tunnelling machines in conjunction with the pipe-jack method.

★

REES HOUGH (CIVIL ENGINEERING) has been appointed contractor for construction of the rising mains from a proposed tidal basin pump station at the western end of the Royal Victoria Dock to the River Thames. The twin 1.4 metre diameter ductile iron pipes, to be supplied by Stanton and Staveley, will carry surface water (from roads, roofs, etc) 1,100 metres to the river and discharge flows under pressure adjacent to the old barge lock at the western end of the Royal Victoria Dock. The contract, Phase 3A of the scheme. Construction will start on both contracts this month and is scheduled for completion in early 1988. The LDDC says it has taken steps to ensure that noise and disturbance to local residents are kept to a minimum by careful choice of construction methods, limits imposed on the contractors and use of sound screens in some locations.

★

NORWEST HOLST CIVIL ENGINEERING has started work on a flood alleviation contract on the River Mole at Esher in Surrey. Valued at over £3m this project forms one of the last sections of a scheme to protect the Hersham and Molesey area from a repeat of the September 1968 flood, when some 10 sq km were flooded and up to 20,000 properties were affected.

This section of Thames Water's overall scheme involves re-alignment and enlargement of 1.20 km (0.75 miles) of the river between Royal Mills Viaduct and Albany Bridge (A244) outside Esher. Included is construction of about 3 km (two miles) of flood banks and walls to the south, most of which are away from the river and will contain the water within the flood plain, so that the flood waters pass through Albany Bridge into the enlarged channel system.

Most of these will be formed using earth embankments or reinforced concrete retaining walls, some of which will be brick-faced to suit environmental conditions. About 4,000 cu m of gabion cage protection will be along the contract. At the Alberney Bridge, where improvements are needed in the flow hydraulics, Norwest Holst will be installing more than 5,000 sq m of permanent sheet pilling either side of the structure, along with stretches of gabion protection.

Although work is scheduled to finish some time before Christmas 1987, the contractor is hoping to reduce this by a

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Could wishing make it so . . .

THERE IS more than the usual air of mystery this year surrounding the arcane rites which pass for a Government budgeting process in Washington. Ever since Mr Ronald Reagan's arrival in the White House in 1981, it has been impossible to take seriously the official budget proposals presented by the President to Congress each February. But the byzantine political machinations which have always confounded rational analysis of fiscal policymaking in the US are further complicated today by new conundrums.

Firstly, there is the operation of the Gramm-Rudman deficit reduction law. This has been designed to eliminate federal budget deficits by 1991, regardless of what tax and spending programmes may be proposed in the interim by the White House and legislated by Congress. If the innocent faith in pre-announced policy targets and medium term financial strategies which used to reign supreme in the late 1970s were still with us, the world's financial markets would today be confidently expecting a steady decline in US budget deficits from the $206bn projected this year to $144bn in 1987 and zero by 1991. And indeed the magic figure of $144bn does appear at the bottom of President Reagan's budget proposals this week.

Broader picture

Of course, this figure is arrived at by a combination of wishful thinking and creative accounting which lives up fully to the fantastical standards set by the White House in previous budgets. Who can really expect, for instance, that Congress will agree to sharp cuts in spending on student aid, housing assistance, agricultural supports, medical benefits and public transport, along with the total elimination of export credit and small business subsidies—all in an election year? And who can seriously believe, even within the White House, that these proposals, juxtaposed against a renewed surge in defence outlays represent the true political priorities of the US public?

In theory, however, such doubts would hardly affect the broader fiscal picture. Across the board budget cuts would automatically come into force in October under the Gramm-Rudman law, ensuring that the deficit did not breach its preordained ceiling. If the President did not like the consequent reductions in defence spending, he would have to raise taxes instead to meet the deficit target. In either case, investors could rest assured that the US Treasury's call on their savings in fiscal 1987 would not exceed $144bn—if only the US Government could actually be taken at its word.

The obvious question, of course, is whether the markets should trust the US Government. Even if Gramm-Rudman survives the constitutional challenges which lie ahead for it in the Supreme Court, it would take just another vote in Congress to overturn it. And, even more plausibly, a mere signature from President Reagan could veto its application to defence on "national security" grounds, thereby bringing the whole flimsey edifice crashing down.

These purely political imponderables, however, are only the first—and least complex—set of uncertainties facing anyone who tries to base investment decisions on the prospects for US fiscal policy.

Familiar feature

Even more important than politics is the future performance of the economy itself. No less than 38 per cent of the $62bn "cut" in the budget deficit projected by the White House between this year and next, is based simply on President Reagan's celebrated optimism about the underlying strength of the US economy. His assumptions of 3.5 per cent GNP growth in 1986, and 4 per cent in 1987 are well above the general range of projections made outside the White House. The OECD, for instance, forecasting growth of 2¾ per cent in 1986, and only 2½ per cent in the first half of 1987. And for every percentage point that actual growth falls short of the rates assumed, next year's deficits will rise by about $20bn.

Official over-optimism about economic growth has long been a familiar feature of US budget-making but what makes this issue particularly significant this year is the interaction between the economic forecasts and the Gramm-Rudman legislation. Gramm-Rudman gives the Congress, as well as the White House, a strong incentive to over-estimate the strength of the economy, in order to avoid the chaos of mandatory spending cuts.

At a time when the prospects for the US economy are, in any case, exceptionally uncertain, it would be all too easy for Gramm-Rudman to turn into a law mandating economic optimism, instead of fiscal responsibility. There may be good reasons for the bullish sentiment which has recently taken hold in Wall Street and the world's other stock markets—but a prospective resolution of the US budget deficit problem would not appear to be one of them.

INVESTMENT IN AGRICULTURE

Cold comfort down on the farm

By Andrew Gowers

"In the present conditions, tenanted land is virtually unsaleable," says Mr John Wallis of Humberts, the chartered surveyors.

"What's propping land prices up is the fear of something worse," adds Mr William De Salis, land use adviser with the Country Landowners Association. "If they (the institutions) all pile out, they'll depress capital values a lot."

Such comments illustrate the currently gloomy state of British farming and the remarkable way in which investment in farmland has recently fallen from favour.

Buying agricultural land was all the rage among the City's financial institutions in the 1970s. Even as recently as five years ago, some British pension funds, insurance companies and property unit trusts were falling over themselves to purchase farms.

The picture today has altered almost beyond recognition. Investment in farmland by institutions has all but completely dried up, and some are selling their holdings; rental growth is coming back to earth with a bump; and land prices have embarked on a steady slide which some observers expect to turn into a more precipitous decline over the next couple of years.

In the 1970s, land values rocketed, outpacing Britain's double-digit inflation by a considerable margin and losing all relation to the underlying earning capacity of the farms themselves. Farm rents were doubling every three years during the decade. Institutional investment in farmland became an issue of national concern, provoking a full-scale Government inquiry and all manner of protests by farmers ad other interested parties.

"Farmland was the flavour of the month, just as securities are now," said one City investment analyst.

So why did the institutions go into the business of owning farms in the first place? What has provoked such a dramatic reversal? And what does the future hold for those bodies which still hold large chunks of agricultural land?

The importance of the financial institutions to the farmland market and the significance of agriculture to the institutions themselves can be exaggerated.

It was nothing new in the 1970s for outside bodies to invest in agriculture: the Church, the Crown and the Oxbridge colleges had owned farmland for centuries—not to mention the considerable land holdings built up by central government departments over the years.

The 1979 inquiry on agricultural land by Lord Northfield's committee, which remains the most exhaustive survey of the subject, estimated that the Crown, religious institutions (largely the Church of England Commissioners) and universities owned a total of 332,000 hectares —1.9 per cent of Britain's agricultural area. Their holdings have probably not changed much since then.

Nevertheless, significant buying by financial institutions—which most people date back to 1972—was a novelty.

The institutions were attracted by a now familiar, coincidence of factors:

● Rampant inflation, low real interest rates and Britain's poor industrial prospects had diminished the appeal of more conventional investments and weakened confidence in "paper" instruments such as securities. Capital growth in farmland investments was at least keeping pace with inflation, and outstripping it at times. Institutions also took comfort from the fact that agricultural land was a dwindling resource, with sizable areas being lost to urban and other uses every year.

● The bursting of the early 1970s' property price bubble encouraged institutions to seek to diversify their property portfolios into agriculture.

● Many private landlords were being forced to sell their land because of hefty tax burdens.

● Perhaps most importantly, farm rents, which were subject to more regular review than those on urban property, had been growing healthily (from the investor's point of view) since the early 1960s—and were given a substantial extra boost by the rise in agricultural prices and incomes resulting from Britain's entry to the European Community.

The pension funds and insurance companies, together with a number of specially-formed agricultural property unit trusts, swiftly built up holdings amounting to 215,000 hectares (1.2 per cent of the total agricultural area) by the time Lord Northfield was preparing his report. And the inquiry concluded tentatively that they might own between 1.22m and 1.9m hectares by the year 2020 —a maximum of 11 per cent of all agricultural land.

In the event, the institutions' purchases turned out to be much more modest. According to a study published last year by Savills, the land agents, they owned about 290,000 hectares of let land in 1984.

Most of the biggest insurance companies and pension funds have bought into agriculture at some stage in the last 15 years; Mr Anthony Steel, who runs Agricultural Investment Services, a consultancy for institutional investors, reckons that in 1982, 92 pension funds, insurance companies and property unit trusts had farmland.

The biggest of them is undoubtedly the Prudential, with a portfolio of more than 33,000 hectares around the country. Other names that figure prominently on the list include most of the big nationalised industry pension funds, the Legal and General, Equity and Law, Abbey Life and Guardian Royal Exchange.

In each case, the holding is a relatively small proportion of Britain's agricultural land area and of their own overall investment portfolios; even the biggest institutional investors in farmland have generally not put much more than 2 per cent of their total investments into farmland.

Nevertheless, the institutions have had a disproportionate effect on the land market, principally because their purchases focused on let land—a market in which there were not that many other buyers—rather than on farms for vacant possession.

As one land agent remarked in a recent article:

"The institutional ownership of agricultural land has created its own market. The institutions are the buyers and sellers and therefore their decisions control the price level to a great extent."

And those decisions have, over the past couple of years, increasingly reflected grave doubts over the merit of further farmland investments. In almost every respect, the factors which first prompted institutions to buy land have gone into reverse.

Inflation no longer seems a threat, real interest rates remain very high, and other, much more liquid, investments are out performing agriculture by a long chalk.

Investment yields on farms have always been low, usually around 3 or 4 per cent. That sort of yield was tolerable when other investments were performing miserably, particularly when combined with the prospects for capital and rental growth which the institutions saw in the 1970s. Today, it is out of the question.

What is more, farming itself is under a cloud. The EEC's budgetary problems are putting agriculture under severe financial pressure.

The British Government—in a political climate which has become quite hostile to farmers as producers of unwanted food and alleged desecrators of the countryside—is adding to such strains by cutting its own grant expenditure and research and advisory services. Last summer's appalling weather, which contributed to a 43 per cent drop in British farming incomes, was another body blow.

Although farm rents have held up well despite these pressures (the most recent Government figures, published this week, show a 6 per cent rise in the year to last October), that is primarily because they are reviewed only every three years, and there is therefore a built-in time lag. Few people in the industry believe rents will grow faster than inflation in the years to come, and many think they will do a lot worse.

"In the mid-1970s, we were doubling rents every three years," says Mr Peter Prag of land agents Knight Frank & Rutley. "Now, for the first time since the War, there's talk of rents not only standing still but actually being reduced."

Even the axiom that farmland is desirable as an increasingly scarce resource is now open to question. The National Farmers' Union itself recognises that the EEC's food mountains merely reflect a deeper problem: the surplus of productive land. It reckons that up to 1.3m hectares of farmland now under arable crops and grass might have to be removed from production over the next 10 years in order to bring agricultural markets into a reasonable balance.

As a result both of these fears for the future and of the attractions of other investments, institutional buying of farmland — which was already levelling off as values scaled new heights in 1982 — has ground to an almost total halt over the past 18 months.

"We have severe reservations about agriculture," says an official with one of Britain's biggest pension funds, which bought its first farm as long ago as 1971. "We did one deal last year, and that was the last."

The institutions' change of heart has been little short of devastating for prices in the tenanted land market which they dominated for years. The average price per hectare peaked at £3,073 in the first quarter of 1982, according to Government figures, and was down to £2,021 by last October.

Those statistics may belie the full extent of the crash, because very little tenanted land has been sold over the last year, except at the top end of the quality range. The figures also do not tell the whole story about farmland prices, as land for vacant possession — especially that with an amenity value —has not fallen nearly as far.

Around 13,000 hectares of let land is thought to have been put on the market by institutions last summer—but only a fraction has found a buyer.

Many institutions, however—particularly the bigger ones which bought farmland early on—claim not to feel any urgent need to sell. They say their investments in agriculture are of a long-term character and a relatively small proportion of their total portfolio, so they are not especially worried about farming's present hard times.

"True, agricultural land is not performing well at the present time," says Mr Nicholas Woolley, chief land agent at the Prudential. "If we were in it for the very short term, I think we'd be pretty worried. But we're long-term investors with large holdings in land. There's no question of our putting large chunks on the market."

The Pru's response has been to adopt a more flexible attitude to its farm portfolio. "If land became vacant a few years ago, we might have automatically re-let it," says Mr Woolley. "Now we look at all the options, including selling."

Some analysts are a little sceptical about the "long-term investment" approach. They say it sounds suspiciously like a rationalisation of the fact that most institutions are in effect locked into their farm holdings.

And there are some institutional investors who cannot afford the luxury of such arguments. This is especially true of the farm property unit trusts and of some pension funds. Any organisation which bought land late in the day, as values were topping out, must be feeling particularly uncomfortable.

Hill Samuel, which runs the largest specialist unit trust in the sector, is one institution which has been forced to sell farms by unit-holders wishing to cash in their assets.

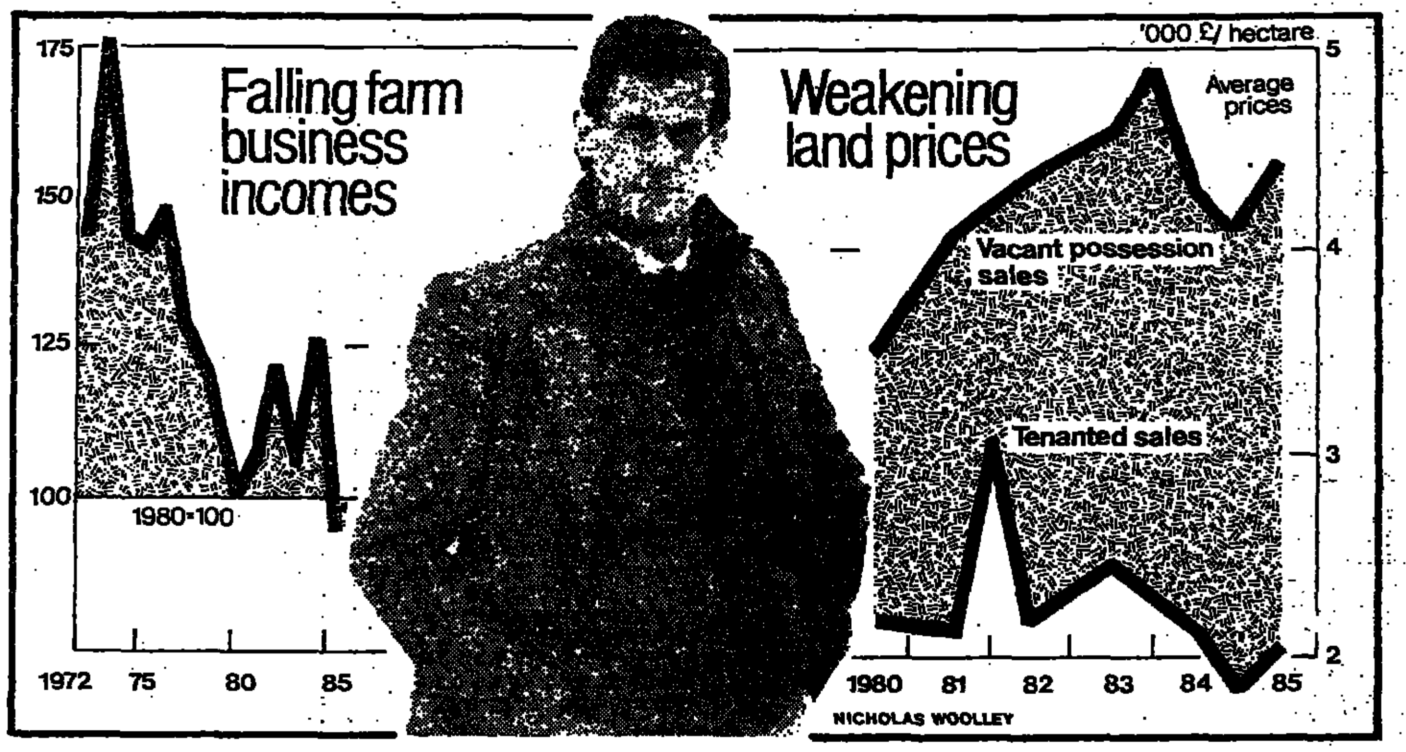
"A pension fund which has units may well say: 'We don't want to dump them, but our holding is only worth £50,000, and we'd rather put it into Japan rather than British agriculture, so can we have our £50,000 back,'" says Mr Douglas Allison, chairman of the Hill Samuel operation. "Anything they can't see a quick return on increases the fear that they'll slip down the league table."

Although in most cases the unit trust managers can delay selling for a couple of years, this may not avert the need for a distress sale eventually.

Few investors see much light at the end of the tunnel as far as the tenanted farmland market is concerned, although some land agents express high hopes that the City revolution might give some people the means to put cash into agriculture.

Even those who might be expected to reap some benefit from the fall in prices to more realistic levels—the farmers and would-be farmers themselves—are not best positioned to do so, for they are finding increasing difficulty in raising finance.

In the good old days the banks used to queue up to lend them money. But the slump in farm values, which has made land less attractive as collateral, and the general gloom and doom pervading agriculture these days, have not escaped their attention either.



NICHOLAS WOOLLEY

Man in the News

Sir Robert Armstrong

Downing Street's machine minder

By Malcolm Rutherford

"YES, PRIME MINISTER," has it wrong in some respects. Sir Robert Armstrong, the present — real life — Cabinet Secretary, is an altogether more intelligent, less self-serving, more subtle and more likeable figure than the one-dimensional Sir Humphrey of the delightful television series. Probably, also, he is more powerful.

Sir Robert's problem is secrecy: not secrecy imposed by him, but the secrecy built into the British political system. He has to work the system. Sometimes it fails, as it did in the Westland affair.

Sir Robert, who had to investigate the leaks of official letters and defend his findings before the House of Commons Select Committee on Defence this week, regards the incident with horror. It was a case study, he says, of what happens if collective responsibility breaks down.

What is collective responsibility? That is a hard question to answer precisely. Basically it is a system of trust between ministers and civil servants, resting on the assumption that no-one will go over the top and behave irrationally. When somebody breaks the rules, no-one knows what to do about it. That is the essence of the Westland affair.

Sir Robert has had experience of investigations before. As Cabinet Secretary, one of his functions is to report directly to the Prime Minister on intelligence matters. He had to deal with the allegations that Anthony Blunt, the art historian, was a Soviet agent, part of the Philby set-up. What struck him most was the fallibility of human memory. Entirely rational, well-meaning people would give inconsistent accounts of events that took place not only several years ago, but in the previous few weeks or days.

It was the same with Westland. Sir Robert even found himself doubting his own memory. Had such and such a conversation taken place at 1 pm or 3 pm? The subject fascinates

his position before. He has two titles: Secretary of the Cabinet and Head of the Home Civil Service, a result of Mrs Thatcher's desire to take the Civil Service more into her own hands.

Sir Robert was not instrumental in the change. The twin roles can lead to embarrassments. For instance, he cannot really represent the Civil Service in public as (say) Sir Kenneth Newman represents the Metropolitan Police. Too much of his business is concerned with government policy.

The civil service role is largely confined to senior appointments—selecting permanent and deputy under-secre-

tary, he is in a very good position to judge potential candidates for senior civil posts because he sees so many of them at close quarters, but the title "Head of the Home Civil Service" may be redundant and could be abandoned.

Sir Robert speaks in Cabinet only if spoken to. He is also chief secretary to every Cabinet committee chaired by the Prime Minister: that is, the ones that matter most. In effect, he runs government business. He prefers Cabinet committees, keeping resort to the full Cabinet for matters of great national interest or when an unusually large number of departments are involved in a decision. None of

more openly.

His innovation was to delegate more to the Cabinet Office staff. You cannot have good people, he says, and deny them responsibility. Only the really important matters have to pass through him, though again what is "important" can be a subjective judgment.

As a result, he is not as madly overworked as is sometimes supposed. He is thus free to take on the role of the Prime Minister's trouble-shooter. He has done that on four notable occasions: the handling of trades unions at the Government Communications Headquarters in Cheltenham, the latest review of top people's

None has been without upsets. At Cheltenham he would have preferred a no-strike agreement to a total ban on unions. The Government's decision to go for a ban probably accelerated Lord Murray's departure from the TUC and even now unites unlikely parts of the trades union movement.

Tory backbenchers resented his recommendations on top pay, which included a hefty rise in his own, and the duality in his role became apparent. He seemed both to be representing the civil service and advising the Prime Minister on the policy decision.

Quite a lot of Tories would like to see the Anglo-Irish agreement come unstuck. Sir Robert was given the task, which he thoroughly enjoyed, because Mrs Thatcher thought that to entrust it to the Foreign Office would antagonise the Ulster Unionists.

One other function that matters is being sherpa to the economic summit meetings of the major industrial democracies. It takes about 18 work days a year and provides invaluable insight into the thinking of other governments. Few members of the Cabinet have anything like his opportunity to know what is going on at home and abroad.

Sir Robert was educated at the Dragon School, Oxford, Eton, and Christ Church. He became a civil servant without great conviction after a mastoid operation had prevented him from doing National Service — first as a temporary at the Treasury to see what it was like, then as a regular when he passed the examination.

He likes music and gardening and may resume composing when he retires. He is now 58. Whatever may be said of him—and some of the judgments have been absurdly harsh—it should be remembered that civil servants, even the Cabinet Secretary, can at best only oil the machine. It is the politicians who have to change the system and end the secrecy that

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BASE LENDING RATES

ABN Bank	12½%
Allied Dunbar & Co.	12½%
Allied Irish Bank	12½%
American Express Bk.	12½%
Amro Bank	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank Hapoalim	12½%
Bank Leumi (UK)	12½%
BCCI	12½%
Bank of Ireland	12½%
Bank of Cyprus	12½%
Bank of India	12½%
Bank of Scotland	12½%
Banque Belge Ltd.	12½%
Barclays Bank	12½%
Beneficial Trust Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
CL Bank Nederland	12½%
Canada Permanent	12½%
Cayzer Ltd.	12½%
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Citibank NA	12½%
Citibank Savings	¶12½%
City Merchants Bank	12½%
Clydesdale Bank	12½%
C. E. Coates & Co. Ltd.	13 %
Comm. Bk. N. East	12½%
Consolidated Credits	12½%
Continental Trust Ltd.	12½%
Co-operative Bank	*12½%
The Cyprus Popular Bk.	12½%
Duncan Lawrie	12½%
E. T. Trust	13 %
Exeter Trust Ltd.	13 %
Financial & Gen. Sec.	12½%
First Nat. Fin. Corp.	13½%
First Nat. Sec. Ltd.	13½%
■ Robert Fleming & Co.	12½%
Robert Fraser & Ptrs.	13½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
Heritable & Gen. Trust	12½%
■ Hill Samuel	‡12½%
C. Hoare & Co.	12½%
Hongkong & Shanghai	12½%
Johnson Matthey Bkrs.	12½%
Knowsley & Co. Ltd.	13 %
Lloyds Bank	12½%
Edward Manson & Co.	13½%
Meghraj & Sons Ltd.	12½%
Midland Bank	12½%
■ Morgan Grenfell	12½%
Mount Credit Corp. Ltd.	12½%
National Bk. of Kuwait	12½%
National Girobank	12½%
National Westminster	12½%
Northern Bank Ltd.	12½%
Norwich Gen. Trust	12½%
People's Trust	13½%
PK Finans. Intl. (UK)	13½%
Provincial Trust Ltd.	13½%
R. Raphael & Sons	12½%
Roxburghe Guarantee	13 %
Royal Bank of Scotland	12½%
Royal Trust Co. Canada	12½%
Standard Chartered	12½%
TCB	12½%
Trustee Savings Bank	12½%
United Bank of Kuwait	12½%
United Mizrahi Bank	12½%
Westpac Banking Corp.	12½%
Whiteaway Laidlaw	13 %
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 8.70%. 1-month 9.80%. Top Tier—£2,500+ at 3 months notice 12.08%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9% gross.

¶ Mortgage base rate.

§ Demand dep. 8¾%. Mortgage 13%.

After the BL ownership row

Europe's dilemma in the global market

By Geoffrey Owen

Of Britain's top 50 exporters in 1984, 17 were foreign-owned

AT THE heart of the political argument over Westland and the possible sale of parts of BL to Ford and General Motors is an old dilemma. How can relatively small European companies achieve competitiveness on an international scale without throwing in their lot, usually as the junior partner, with a powerful foreign, usually American, rival?

Westland in helicopters and Austin Rover in cars are too small for the businesses they are in. Operating from a manufacturing base in their home country, they find it difficult to win a large enough share of the world market to give them economies of scale in production and to generate the cash needed for developing new models. US companies are often the leaders in these industries and, unlike the Japanese, are keen to expand by acquisition; thus deals like the sale of Rootes to Chrysler in 1967 and now perhaps the sale of Leyland Vehicles to General Motors are entirely natural. It is all very well for politicians to rail against the "global reach" of American multinationals—they have been doing so in France and Britain for the past 30 years—but the dilemma will not go away.

Indeed, it is getting worse. There is a clear trend towards more intense global competition, in which the markets of Western Europe, North America and the Far East are more closely integrated than in the past. A company which develops a new product knows that someone else will soon catch up; it has to exploit its lead very quickly in all the main markets of the world if it is to recoup its investment. The more relaxed era in which the manufacturer could iron out the bugs in the new product in his domestic market and then, after a few years, gradually build up export sales is gone for ever. To survive in today's world, "global reach" is essential.

In some sectors a world market position can be built on a domestic manufacturing base. Manufacturers of specialised equipment, like Baker Perkins, with its printing machinery, do not need a network of plants around the world to maintain the support of their customers. Jaguar is performing splendidly as an independent company because its products are sufficiently special to command a high price and to find a niche in the market from which, as long as the quality is maintained, they will not easily be dislodged.

From a management point of view it is much simpler to obtain whatever economies of scale are available in a single location. But there are risks in specialisation. If a new product goes wrong, or if too many markets turn down at the same time, the company can come unstuck. For example, Poclain of France was and remains the leading European producer of hydraulic excavators, but that did not prevent it from running into a financial crisis from which it had to be bailed out, much to the annoyance of the French Government, by one of those dreaded American multinationals.

It is often just not feasible to supply the world from a single production base. Customers need the security of a less distant source of supply. GKN, a British multinational, has developed through its Hardy Spicer subsidiary a world lead in the manufacture of constant velocity joints for cars. But it would not have achieved the market position which it now enjoys if it had tried to supply German, French and US car makers from the UK; it has built or acquired plants in all its main markets.

For GKN, as for most European multinationals, access to the US is a high priority because the market is so huge and potentially so profitable. One of Austin Rover's weaknesses, compared with Jaguar, is that its models do not sell in the US; it is planning to return to that market with the new Rover car, jointly developed with Honda. But for many companies a local manufacturing presence or at least an association with a US company is necessary. Olivetti, for example, formed a partnership with American Telephone and Telegraph (AT & T) which, apart from giving the US company a minority stake in Olivetti, has greatly widened the market for the Italian company's European-made small computers.

In this worldwide process of mergers and joint ventures, the European company is sometimes in the driving seat, sometimes playing a more subsidiary role. It all depends on what is feasible in each case to achieve the necessary integration into the world market; it makes more sense for these questions to be decided pragmatically than on political grounds.

Past British governments have resisted the threat of a US takeover of ICL, the computer company, because they regarded continued British ownership of this business as vital to the national interest. But there must be some doubt whether this company, now part of STC, can win for itself a secure place in the world computer market without forming a closer association (going beyond its existing links with Fujitsu of Japan and others) with a foreign company.

One lesson that has been learned from the 1960s is that world market success is not the automatic result of putting together all the available local producers into a single giant undertaking. Quite apart from the management upheavals involved in transactions like the Leyland British Motor Holdings merger in 1967, these regroupinges may fail to address what is often the central weakness of the domestic industry—the lack of a marketing presence in the key overseas territories.

The French Government thought it would strengthen the country's position in the world market for telecommunications equipment by bringing together the two main producers, CGE and Thomson, but in practice the merged group is still weak internationally. There has been lengthy debate over the last few months about whether or not the ubiquitous AT & T should be allowed to form a partnership with the French group.

Does the way out lie in European solutions, as Mr Heseltine and others have been passionately arguing in the case of helicopters? There is everything to be said for the removal of internal barriers which still prevent the European Community from functioning as a real common market and for simplifying the procedures which impede the formation of genuinely European companies.

One of the reasons why some British companies turn first to American or even Japanese partners is what they perceive as the "hassle" of doing business on the Continent, with different standards, different government regulations and unfamiliar legal framework. The directors of Westland, for instance, have made no secret of their unease at being partially owned by state-owned continental companies which may not be free to act as normal private-sector concerns. No doubt these problems are exaggerated. They have not prevented American companies such as IBM and Ford from establishing successful Europe-wide manufacturing and sales organisations.

In any case the task is not impossible for European companies. Well-publicised failures like the Dunlop union with Pirelli should not obscure the fact that companies such as Fiat in trucks and Electrolux in domestic appliances have built up, mainly by acquisition, successful Europe-wide enterprises. The political difficulty tends to arise in high-technology fields where there is an intimate relationship between the companies and their national governments. An interesting attempt to break away from traditional patterns is the formation by Dr Robb Wilmot and others of European Silicon Structures, a semi-conductor company which has been consciously planned as a European venture, with factories, research centres and management offices located in several different European countries.

European ventures of this kind should be made easier, but whether European solutions to the problems of weak companies like Westland or BL are better than American ones depends on the circumstances of each case. The contrast between American giants and European weaklings has long since ceased to bear any relation to reality. US companies are capable of making bad mistakes in Europe (Chrysler is an outstanding example) and they can be outgunned by European concerns in their home territory, as Volvo and Daimler-Benz have shown in the heavy truck business.

Certainly Europe needs more strong European-owned companies, but they cannot be created artificially and in some cases an American takeover may be the best option. The French and British Governments have learnt over the years that the pursuit of French and British solutions to the problems of declining industries can be expensive and, in the end, ineffective. They should be wary of making the same mistakes with European solutions.

Financial Services Bill

How Labour's Big Bang became a whimper

By Nick Bunker

MR Dale Campbell-Savours, the gaunt, bespectacled MP for Workington, sat down one evening this week to teach himself finance. Like many of his colleagues on the Labour backbenches, he has often found the City complicated, intimidating and potentially hostile.

His years running a carriage-clock making company in Ramsbottom, Lancashire, have made him familiar with manufacturing industry — but wary of bankers and brokers.

But over the past fortnight, during the four sessions so far of the standing committee considering the Financial Services Bill, the gulf between Labour and Lombard Street has visibly been closing. Observers predicted that Mr Campbell-Savours and his six Opposition comrades on the committee would use the recent scandals in the City of London as ammunition against the Government.

Instead, debate on the most comprehensive revision of investor protection since the late 1930s has turned into a demonstration of Labour readiness to listen and learn — though pragmatism may hide a deeper tactical cunning.

True, Opposition MPs want the Government to go further in regulating the City. They want a self-standing statutory commission to supervise the financial markets — similar to the US Securities and Exchange Commission, but less complex.

But, in the words of Mr Campbell-Savours: "We know we don't have all the answers. If we thought we did we'd probably get it all wrong. I am content to just nibble and learn about an area I have little experience of."

Tory MPs — and, one suspects, the chairman of Lloyd's and the Stock Exchange have been greatly relieved. Mr Brian Sedgemore, the rugby-playing Labour member for Hackney South and Shoreditch, who was expected to dominate play with renewed allegations of skulduggery at Lloyd's and Johnson Matthey Bankers, has missed two of the committee's four sessions. The first time he was having his portrait painted — the second, at home with a cold.

It has been left to Mr Bryan Gould, Labour's trade spokesman, to lead the Opposition. A slightly-built New Zealander, former Rhodes scholar and diplomat, he has handled his brief with the courteous, but incisive, air of the Oxford University law don he once was.

Mr Michael Howard, the Government minister in charge of the bill, looked noticeably more relaxed in this week's sessions. He had faced trying exchanges the previous week over conflicts of interest Opposition MPs claimed were inherent in his continued membership of Lloyd's. But Mr Howard, a Queen's Counsel and expert on employment law will have little cause for complacency this weekend.

Mr Howard's problem is that the Financial Services Bill is a delicate balancing act — and Mr Gould's cautious approach stands a fighting chance of altering that balance in subtle ways that may come to be seen as highly significant.

The Financial Services Bill has to do several things at the same time. It has to satisfy MPs on both sides of the House that the Government is taking a firm line on stamping out City fraud. In the words of Mr Anthony Nelson, a former merchant bank employee, and as Conservative MP for Chichester and one of the committee's 12 Tories, "If we don't get this Bill right the political consequences could be very damaging indeed."

It has to beef up consumer protection in such areas as the sale and advertising of life insurance—issues that can be highly technical but deeply concern voters. But at the same time it has to be flexible enough not to inhibit development of the capital markets in an era of unprecedented change.

It will fulfil these requirements largely through practitioner self-regulation—via the self-regulatory organisations (SROs), such as the Stock Exchange or the National Association of Securities Dealers and Investment Managers to which investment businesses of every kind (from life companies and insurance brokers through to gilts jobbers) will have to belong or risk up to two years in prison. A private sector company, the Securities and Investments Board (SIB) will have delegated powers from the Government to keep the SROs in line.

The issue that will dominate the committe debates is the extent of this power. Mr Gould must be aware that he has little chance of being able to strike out Clause 40 of the Bill, which excludes Lloyd's. The very real Tory backbench anxiety over the Lloyd's scandals has been muted since the Government announced the setting-up of the Neill inquiry to look into Lloyd's self-regulation.

But at least three or four Tories on the standing committee will sympathise with moves by Mr Gould to increase SIB's powers.

Mr Gould has capitalised on this by cleverly tabling at least 11 amendments which closely follow the SIB's own thinking.

One of those amendments — may be a crucial test of the committee's mettle. Mr Gould (and the SIB) want the board to have the explicit reserve power to change the rules an SRO lays down for its members. The Government and the Stock Exchange, are so far set against it. The Stock Exchange may be in for a shock again, three or four Tories are reliably understood to back Mr Gould in principle.

Letters to the Editor

Nationalistic attitudes

From Mr B. Cassidy MEP.

Sir,—Sir Michael Butler's excellent analysis (February 5) of the difficulties European industry has in meeting the technological challenge from Japan and the United States needs further development.

National authorities within the Community seem to be resolutely opposed to any attempt by European companies to get together via cross border merger or acquisition. The worst offender in this respect is the Federal German Cartel Office, the Bundeskartellamt. Such is its fear of market dominance and so narrow its interpretation of what constitutes it that it discourages takeovers of German companies by companies from elsewhere in the Community. The French Ministry of Industry plays a similar game, always seeking a French solution.

The consequence of these narrowly nationalistic attitudes is that European multinationals generally find it easier to invest in North America than they do to invest elsewhere in the Community! Indeed, as far as the United Kingdom is concerned, we currently have the spectacle of GEC attempting a takeover of Plessey which will lead to further concentration. Would it not be healthier if both GEC and Plessey were to be looking for acquisitions elsewhere in the Community? Unfortunately, in spite of the European Commission's desire to encourage the creation of Pan-European enterprises, protectionist attitudes in national administrations seem to prevail over the needs of European industry.

Bryan Cassidy.
The Stables,
White Cliff Gardens,
Blandford, Dorset.

Perpetual Floaters

From Mr G. Kramers

Sir, — In the autumn the clearing banks were warned that they needed to increase their capital. The Bank of England then, surprisingly, agreed that a bank could do this by raising money on the Eurobond market in the form of perpetual floaters (that is undated notes with interest rates based on the London inter-bank offered rate (Libor).

As soon as the clearing banks learned that these perpetual floaters would be looked upon as an increase in their capital base, they quickly borrowed between them about $3.5bn. Since then they have been able to lend money freely.

The Bank of England's decision was surprising as, if the banks had raised the money from their shareholders there would have been no increase in the money supply. By allowing the banks to raise "capital" on the Eurobond market the money supply was increased, almost overnight, by $3.5bn and M3 was in tatters.

The late Jacques Rueff in an article, some 20 years ago, explained how the Eurodollar market, as it then was, created money and was therefore highly inflationary. He warned that the market should be controlled by the Government, but the warning was not heeded and the Eurobond market is now the second largest financial market in the world, trading in securities valued at $400bn.

Anthony Harris (February 1) suggests that after the "big bang" next October, a new equilibrium will eventually set in, but why should that be so? The banks can now raise as much "capital" as they need by selling more Perpetual Floaters through the Eurobond market. Why should they refrain from so doing?

G. H. Kramers.
Partingdale Lodge,
Partingdale Lane,
Mill Hill NW7.

The date of Ironside

From Dr E. Sams

Sir,—It was naughty of John Jones (in his February 1 review of *Ironside*) to hint that I think all professors are stupid. But prejudice and complacency can certainly create a strong impression of stupidity, especially on difficult and unfamiliar topics; and questions of date and authorship are matters for historians and logicians, not litterateurs. As to the personal opinions that Jones vaunts as "fact" or orthodoxy, I challenge him to cite his objective evidence for claiming bad quartos as reported texts, or dating *Ironside* later than 1589.

(Dr) Eric Sams.
32 Arundel Avenue,
Sanderstead,
Surrey.

Foundry capacity

From the Sales Director, Sterling Metals

Sir,—Referring to the letter (January 31) from Mr Barber of Leyland Foundry, the significance of the closure announcement regarding the iron foundry at Sterling Metals, related to the last independent UK source for volume produced iron engine blocks. BL foundry operations being vertically integrated are not necessarily dependent on profits in order to survive and have a "captive" market as base load order book protection.

Sterling Metals' iron foundry is capable of 240 moulds per working hour, i.e., 8,000/9,000 blocks per single shift week. Comparison with production at Leyland of 1,000 per week gives perspective to the impact on the British engineering scenario.

I would, however, like to reaffirm, as stated in your correspondent's original article, that the light alloy division of Sterling Metals will continue to operate, and indeed, expansion is planned.

John Parkes,
Gipsy Lane, Nuneaton.

Phasing out the MFA

From Mr J. Wilson,
Mr I. MacArthur and
Mr J. Harrison

Sir,—Setting up an Aunt Sally in order to knock it down is a well-tried practice, and you do it well in your leading article on the Multi-Fibre Arrangement (January 30). The danger of the EEC taking up the "illiberal, lowest-common-denominator negotiating position on the MFA" that you set up as a hypothesis is simply not a real one: the Community has already made clear in its statements to the GATT textiles committee that it is looking for a more liberal MFA than on the occasion of the last renewal.

It is also surprising that your editorial concentrates so much on the EEC, to the exclusion of other countries which should be equally interested in moving towards a new round of GATT multilateral trade negotiations. Why not look at the USA, where the President has instructed his trade representatives "to most aggressively renegotiate the MFA on terms no less favourable than at present?" At Japan, which is steadily widening its array of informal restraints and administrative guidance on textile and clothing imports? At Australia, which has its own swingeing system of controls, far more stringent than the MFA allows? And there are many other examples.

You really cannot either advocate a return to unsullied GATT principles by the EEC without first looking at what the rest of the world is doing. In many countries, tariffs, licensing systems and import bans are used to choke off textile and clothing trade. Subsidies abound. Dumping proliferates.

Whatever the theoretical arguments for unilateral disarmament in trade barriers, there is no surer way of discrediting the whole trading system. It would inevitably provoke a sense of inequity, not least because of the immediate and concentrated employment consequences (the EEC textile, knitting and clothing industries employ over 3m people, of whom 490,000 are in the UK). And the poorest developing countries would be swamped by the dominant suppliers—Hong Kong, South Korea, Taiwan, and, increasingly, China.

Our industries have never argued that the MFA should not be updated, nor that it should last for ever. It must not be forgotten that the MFA has kept order in world textile and clothing trade in a period of intense and continuing worldwide pressures. Any trading away of the MFA that ignores the pressures would give rise to dangers for the whole world trading system.

J. R. Wilson (Director),
British Clothing Industry Association;
Ian MacArthur (Director),
British Textile Confederation;
John Harrison (Director),
Knitting Industries' Federation.
c/o 7 Swallow Place,
Oxford Circus, W1.

Personal tax reforms

From Mr G. Kitchen

Sir, — I read with interest (February 6) the Michael Prowse examination on reforms of personal tax allowances being considered by the chancellor.

To recognise marriage and family life, both good and fine, has been a commendable aspect of this Government's thinking, fiscal or otherwise. But why not take the bull fully by the horns and do away with personal tax allowances altogether.

We already have income tax at varying levels set to encourage effort towards and contribution to the creation of wealth, so if it works why not extend the principal. Mr Fowler's social security reforms can then perhaps be targeted more accurately towards real need which there undoubtedly is in abundance.

I am not an economist and there must be a flaw, but then again there always seems to be. If major reform is on the way is this not an alternative to be examined rather than just another lost opportunity.

Geoffrey Kitchen.
6 Chase Green Avenue,
Enfield, Middlesex.

Panel will rule on W'hampton proceeding

By Lisa Wood

The Takeover Panel has announced that talks will be held next week to determine whether or not Wolverhampton & Dudley Breweries can proceed with an offer for Davenports, the Birmingham brewer, despite the lapsing yesterday of its deadline on the fulfilling of preconditions before making a general offer.

While W & D will be seeking grounds to continue with a general offer for Davenports any such move will be strongly resisted by Davenports. It will argue that although the proposed bid was not a full offer it should be treated as such and therefore W & D, under takeover rules, should be prevented from renewing the offer for 12 months.

W & D had sought the support of either the board of Davenports and/or the Baron Davenports Charity Trust, which holds a 19.95 per cent stake in Davenports, before launching a formal general offer. The deadline for approval was yesterday.

On Thursday, however, three Birmingham City Council ex-officio members of the Trust made a statement that the trustees were split. Those trustese not agreeable to the *W & D proposals* had disputed whether the Lord Mayor of Birmingham, one of the three ex-officio trustees, was chairman of the Trust and therefore had a casting vote.

The Trust Deed says that the trustees "shall at their first ordinary meeting in every year elect one of their number to be chairman of their meetings." However it is understood that this year, as has been the practice for several years, the Lord Mayor took the chair without there being a formal motion.

The three ex-officio City trustees said yesterday that they *were seeking legal advice over* the issue of the casting vote.

W & D closed last night at 418p, up 3p, and Davenports at 255p down 3p.

Argyll

Argyll, through its merchant bank Samuel Montagu, yesterday bought another 2m Distillers' shares taking its total holding to 13.6m (3.76 per cent). In the past two days alone it has spent £48.5m raising its stake. Argyll's share price held steady yesterday at 338p, Distillers rose another 15p to close at 620p and Guinness fell 9p to 278p.

US banking group in agreed bid for Smith St. Aubyn

BY NICK BUNKER

Irving Trust, the New York-based banking group, is to take over Smith St Aubyn, the London discount house which suffered crippling losses in the gilts market four years ago.

Mr Jeremy Smith, its chairman, said yesterday that he had recommended shareholders to accept a cash offer for the *house's net asset value, currently* estimated at £7.7m, plus a premium of 3p per share.

Smith St Aubyn, which was funded in the late 19th century, reported a net loss of £600,000 in the last financial year. Its shares closed 3p up at 37p last night. The cash offer will be subject to a maximum consideration of 47.5p per share.

Mr Smith said that "in the modern world, as the discount market is developing, there is no future for a discount house with reserves of under £15m."

Traditionally, discount houses have been market-makers in public-sector and commercial paper and played a key role in the Bank of England's system of monetary control by underwriting the Bank's entire weekly issue of Treasury bills. The ten remaining houses have become less significant over the past 20 years and Smith St Aubyn has expanded into dealing in currency and interest rate futures.

Yesterday's announcement followed about six months of negotiations between Smith St Aubyn and Irving Trust, which has assets of nearly $19bn, and has been advised on the offer by Hill Samuel, the merchant bank. It is acquiring the discount house through its subsidiary Irving *International* Financing Corporation.

There had been reports in November that talks were in progress, prompting speculation about a fresh round of realignments among the smaller *discount houses*. Citicorp, the US banking group, has acquired Seccombe Marshall and Campion for £7m, Banque Belge has taken over Gerald Quin Cope and Prudential Bache of the US has taken a stake in Clive Discount.

Mr Donald Phelps, an Irving Trust vice president, said last night that the bank had been looking for a London bill-broker or securities firm to buy as part of its creation of a global *securities and merchant banking* network. It already has a London subsidiary, ITIL, which deals in Eurobonds but will *operate* separately from Smith St Aubyn.

Questel tops forecast

BY RICHARD TOMKINS

Questel, a telecommunications equipment company which came to the USM last September, yesterday beat the £1m profits forecast it made at the time of its flotation with pre-tax profits of £1.09m for the year to last October.

The pre-tax profits figure given in the prospectus for the previous year was £526,000. However, this was struck before the deduction of £236,000 for directors' additional remuneration, so the comparative figure now given is £290,446.

The company's shares closed unchanged at 178p.

Questel's main product is Supercall, an automatic system for distributing incoming telephone calls to a maximum of 60 operators. The company attributes its growth to strong demand for Supercall from smaller-sized businesses.

Turnover rose from £1.23m to £2.[illegible]m and after a tax charge up from £169,525 to £625,176, earnings per share were up from 4.13p to 15p. The directors are proposing a dividend for the year of 2.2p.

Mr Alfred Minter, chairman, said yesterday that the number of operators' positions supplied had risen steadily during the year. He expected the rate to be at least 180 a month this year against an average of about 120 a month in 1985.

Wellcome share sale attracts some £2.5bn

By Lucy Kellaway

Stragglers ran through a blizzard to get their forms in before the applications lists for shares in Wellcome closed yesterday morning up to 10 times oversubscribed.

The £250m sale of shares in the international drugs company has met with an enthusiastic response, attracting at least 350,000 applications. These were still being counted last night, but are estimated to be worth a total of about £2.5bn.

Many of those who formed a queue *in* the snow yesterday morning were professional investors putting in more than one application form. One man emptied a whole box—marked Madonna Investments—of forms into the bin provided. Another submitted 75 forms each carrying a different female name beginning with G, all living at the same address in Swindon.

Througout this week the shares have been traded on a grey market made by licensed dealers at prices of up to 140p, compared to the 120p *offer* price. The City *is* expecting the shares to open at a premium of about 20p *when official dealings begin* next Friday.

Mr Philip Bradley of Robert Fleming, sponsors to the issue, said yesterday that despite the heavy oversubscription "we still think this is a properly priced issue. A higher price could not have been justified on normal investment criteria."

However, since the issue was priced market conditions have been good.

Wellcome is the largest pri*vate company ever to join the* stock *market*, and is valued at £1bn. It is owned by the Wellcome Trust,

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
African Lakes	1.5†	—	1.25*	1.5	1.25*
Globe & Phoenix	1.25	—	1.25	1.25	1.25¶
Meggitt	0.75	April 9	nil	0.75	nil
Questel‡	2.2	April 7	—	2.2	—
Throgmorton Trust	5.6	April 2	4.75	8.35	7.5

Dividends shown pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ For seven months.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Fri Feb 7 1986 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs Feb 6 Index No.	Wed Feb 5 Index No.	Tues Feb 4 Index No.	Year ago (approx.) Index No.	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	611.45	+1.2	9.33	3.77	13.47	0.80	604.21	601.75	601.92	544.18	611.45	7/2/86	483.30	25/7/85	611.45	7/2/86	50.71	13/12/74
2	Building Materials (24)	653.96	+0.8	10.07	4.15	12.44	0.34	648.51	647.82	647.96	500.72	653.96	7/2/86	472.11	26/2/85	653.96	7/2/86	44.27	11/12/74
3	Contracting, Construction (27)	961.34	+1.4	9.41	4.42	13.93	1.80	948.02	945.98	941.70	726.29	963.49	30/10/85	684.17	8/3/85	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1701.04	+0.2	8.61	4.46	15.14	0.00	1697.93	1693.78	1702.88	1579.33	1705.10	3/2/86	1289.36	10/7/85	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1495.21	+1.7	9.81	3.04	13.40	5.21	1470.71	1459.31	1464.24	1711.49	1977.60	9/1/85	1229.01	8/10/85	2049.85	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (63)	339.25	+0.4	10.34	4.34	11.77	0.13	337.98	337.39	334.12	288.57	339.25	7/2/86	263.85	25/7/85	339.25	7/2/86	45.43	5/1/75
8	Metals and Metal Forming (7)	269.05	+1.0	8.19	6.07	14.90	0.00	266.32	265.18	265.21	176.90	269.05	7/2/86	165.88	14/1/85	269.05	7/2/86	49.65	6/1/75
9	Motors (18)	243.94	+0.8	9.83	3.77	12.37	0.22	242.04	239.57	240.44	161.93	243.94	7/2/86	142.57	3/1/85	243.94	7/2/86	19.91	6/1/75
10	Other Industrial Materials (22)	1107.41	+2.8	6.89	5.23	17.29	0.07	1085.91	1083.69	1089.60	920.38	1107.41	7/2/86	828.60	3/1/85	1107.41	7/2/86	277.55	15/1/81
21	CONSUMER GROUP (183)	790.67	+0.7	8.52	3.52	14.72	0.83	785.83	780.12	783.01	640.95	790.71	29/11/85	604.96	3/1/85	790.71	29/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	809.96	+0.8	9.76	3.82	13.05	1.10	803.43	793.87	793.89	586.75	816.65	25/11/85	550.86	3/1/85	816.65	25/11/85	69.47	13/12/74
25	Food Manufacturing (22)	572.88	+0.1	10.51	4.41	12.31	1.10	572.50	570.39	575.38	503.01	590.26	29/11/85	471.62	25/7/85	590.26	29/11/85	59.67	11/12/74
26	Food Retailing (14)	1713.13	+0.6	7.00	2.71	19.42	5.68	1703.41	1696.95	1707.62	1490.47	1852.45	29/11/85	1408.36	1/3/85	1852.45	29/11/85	54.25	11/12/74
27	Health and Household Products (9)	1318.94	−0.8	5.79	2.49	20.26	0.02	1329.48	1332.74	1329.56	1022.50	1332.74	5/2/86	900.65	11/4/85	1332.74	5/2/86	175.38	28/5/80
29	Leisure (25)	789.67	+1.0	7.15	4.37	17.86	2.13	782.05	777.31	768.68	701.23	789.67	7/2/86	598.69	12/7/85	789.67	7/2/86	54.83	9/1/75
32	Publishing & Printing (13)	2020.37	+1.0	8.37	4.51	15.08	2.36	2008.77	1986.79	1958.44	1789.89	2020.37	7/2/86	1445.15	3/1/85	2020.37	7/2/86	55.08	6/1/75
33	Packaging and Paper (15)	395.77	+1.0	8.73	4.02	13.62	0.09	391.76	391.73	389.42	310.44	395.77	7/2/86	286.36	3/1/85	395.77	7/2/86	43.46	6/1/75
34	Stores (43)	748.53	+1.7	7.15	2.90	18.92	0.17	735.70	730.81	744.79	547.17	834.96	25/11/85	529.47	19/2/85	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	449.76	+1.4	9.87	3.85	11.49	0.00	443.56	436.26	429.06	334.83	449.76	7/2/86	293.07	3/1/85	449.76	7/2/86	62.66	11/12/74
36	Tobaccos (3)	976.22	+1.1	13.76	4.75	8.24	0.00	965.98	952.23	953.61	1010.69	1010.69	8/2/85	714.72	26/9/85	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (85)	731.15	+1.0	9.35	3.98	14.02	0.50	723.59	723.02	724.98	676.87	742.63	25/11/85	605.99	3/1/85	742.63	25/11/85	58.63	6/1/75
42	Chemicals (19)	800.98	+0.4	12.49	4.84	10.58	2.32	798.17	799.86	802.98	821.78	832.26	22/2/85	645.96	26/9/85	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	240.58	+2.6	6.62	4.19	18.02	0.12	234.47	233.43	236.86	182.78	240.58	7/2/86	154.76	3/1/85	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1438.47	+2.6	7.12	4.03	17.41	0.00	1401.77	1394.13	1391.08	1128.57	1438.47	7/2/86	958.88	3/1/85	1438.47	7/2/86	90.80	29/6/62
47	Telephone Networks (2)	872.56	+0.7	9.44	3.76	14.52	0.00	866.45	866.45	873.53	787.70	942.07	21/11/85	781.92	3/1/85	942.07	21/11/85	517.92	30/11/84
48	Miscellaneous (48)	901.15	+1.5	7.56	3.58	16.15	0.12	887.54	885.13	878.76	847.60	917.43	22/11/85	787.88	26/7/85	917.43	22/11/85	68.39	6/7/75
49	INDUSTRIAL GROUP (481)	737.13	+0.9	8.93	3.78	14.21	0.76	730.42	727.23	729.12	633.49	737.13	7/2/86	599.75	3/1/85	737.13	7/2/86	59.81	13/12/74
51	Oil & Gas (19)	1119.06	+1.4	18.45	7.82	6.43	0.00	1103.55	1105.81	1118.26	1183.48	1239.75	15/2/85	1042.21	3/1/85	1239.75	15/2/85	87.23	29/5/62
59	*500 SHARE INDEX (500)*	*770.38*	*+1.0*	*10.81*	4.17	12.50	0.70	762.95	760.17	762.90	679.44	771.36	25/11/85	636.98	3/1/85	771.36	25/11/85	63.49	13/12/74
61	FINANCIAL GROUP (119)	533.89	+1.8	—	4.53	—	0.08	524.51	522.70	524.50	459.88	536.82	21/11/85	430.10	4/1/85	536.82	21/11/85	55.88	13/12/74
62	Banks (7)	537.21	+3.3	17.18	5.83	8.22	0.00	520.80	517.21	523.42	482.64	554.06	25/11/85	420.58	15/4/85	554.06	25/11/85	62.44	12/12/74
65	Insurance (Life) (9)	802.60	+1.0	—	4.24	—	0.00	794.68	797.29	796.99	619.14	832.57	29/11/85	580.95	4/1/85	832.57	29/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	432.41	+2.5	—	4.54	—	0.00	421.77	418.82	419.81	320.84	432.41	7/2/86	303.16	25/2/85	432.41	7/2/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1294.17	−0.4	6.54	3.31	20.43	0.95	1299.19	1301.32	1294.37	1149.88	1301.32	5/2/86	1009.26	25/7/85	1301.32	5/2/86	65.86	16/12/74
68	Merchant Banks (11)	306.12	+0.1	—	3.41	—	0.00	305.77	301.72	299.64	242.88	306.12	7/2/86	220.65	3/1/85	306.12	7/2/86	31.21	7/1/75
69	Property (51)	672.70	+1.3	5.90	3.67	22.69	0.19	663.83	664.92	668.17	636.97	699.58	13/11/85	585.78	10/7/85	699.58	13/11/85	56.01	20/4/65
70	Other Financial (26)	299.72	+0.7	8.15	4.41	14.76	0.18	297.68	294.61	294.85	295.12	312.36	11/11/85	261.32	26/7/85	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (103)	664.46	+0.4	—	3.23	—	0.48	661.96	661.61	663.04	620.51	664.46	7/2/86	557.78	31/7/85	664.46	7/2/86	71.12	13/12/74
81	Mining Finance (3)	262.03	+0.7	12.77	5.93	9.11	0.00	260.15	262.83	262.67	300.35	311.08	15/4/85	240.20	5/8/85	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	626.68	+1.3	13.69	6.67	8.68	0.00	618.79	618.70	623.01	665.46	687.15	22/1/85	562.27	15/10/85	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	702.16	+1.1	—	4.22	—	0.54	694.70	692.40	694.83	622.26	702.16	7/2/86	581.88	3/1/85	702.16	7/2/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Feb 6	Feb 5	Feb 4	Feb 3	Jan 31	Year ago								
	FT-SE 100 SHARE INDEX	1445.0	+18.1	1446.0	1431.8	1426.9	1424.1	1431.6	1425.1	1435.0	1295.3	1455.5	25/11/85	986.9	23/7/84	1455.5	25/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 7	Day's change %	Thurs Feb 6	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	117.81	+0.05	117.76	—	0.94
2	5-15 years	128.78	−0.21	129.06	—	1.21
3	Over 15 years	135.18	−0.24	135.50	—	0.93
4	Irredeemables	147.43	−0.37	147.98	—	0.00
5	All stocks	127.68	−0.12	127.84	—	1.06
	Index-Linked					
6	5 years	108.18	−0.06	108.24	—	0.00
7	Over 5 years	107.08	+0.04	107.24	0.20	0.54
8	All stocks	107.28	+0.02	107.42	0.16	0.45
9	Debentures & Loans	110.16	+0.46	109.66	—	0.12
10	Preference	81.06	+0.16	80.93	—	0.32

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 7	Thurs Feb 6	Year ago (approx.)	1985/86 Highs		1985/86 Lows	
	British Government								
1	Low	5 years	9.98	9.85	11.07	11.56	28/1/85	9.64	31/12/85
2	Coupons	15 years	10.39	10.34	10.81	11.20	28/1/85	9.98	18/10/85
3		25 years	10.40	10.35	10.38	10.72	29/1/85	10.00	18/10/85
4	Medium	5 years	11.50	11.46	11.77	12.39	28/1/85	10.58	4/10/85
5	Coupons	15 years	10.85	10.80	11.26	11.63	28/1/85	10.30	18/10/85
6		25 years	10.53	10.48	10.71	10.97	29/1/85	9.96	18/10/85
7	High	5 years	11.64	11.59	11.93	12.53	28/1/85	10.65	4/10/85
8	Coupons	15 years	11.06	11.01	11.41	11.76	28/1/85	10.43	18/10/85
9		25 years	10.64	10.62	10.73	11.03	29/1/85	10.09	29/7/85
10	Irredeemables	†	10.29	10.24	10.18	10.49	28/1/85	9.58	18/10/85
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	4.75	4.69	0.0	5.18	14/1/86	4.66	24/1/86
12	Inflat'n rate 5%	Over 5 yrs	3.89	3.89	0.0	4.01	20/1/86	3.87	28/1/86
13	Inflat'n rate 10%	5 yrs	3.76	3.69	0.0	4.23	14/1/86	3.61	24/1/86
14	Inflat'n rate 10%	Over 5 yrs	3.73	3.73	0.0	3.85	14/1/86	3.71	28/1/86
15	Debs &	5 years	12.11	12.16	12.17	12.78	27/1/86	11.06	10/10/85
16	Loans	15 years	11.73	11.81	12.06	12.37	29/1/85	11.04	21/10/85
17		25 years	11.51	11.58	11.94	12.37	29/1/85	10.99	21/10/85
18	Preference	†	12.08	12.11	12.97	13.14	29/1/85	11.73	25/10/85

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGES: Border & Southern Inv Tst (71), Lake View Inv Tst (71), Stockholders Inv Tst (71) and Kwik Save Discount (26) have changed their names to Govett Strategic Inv Tst, Govett Oriental Inv Tst, Govett Atlantic Inv Tst and Kwik Save Group respectively.

Michael Cassell looks at Midland Bank's sale of Crocker

The end of a troubled trail

ALTHOUGH executives of Midland Bank worked hard yesterday to portray the sale of Crocker National Corporation to Wells Fargo as the natural consequence of a shift in the bank's international strategy, they have essentially grasped the opportunity to end a brief and ill-fated move into the US retail *banking market*.

When, in October 1981, Midland paid $820m (then equal to £447m) for its initial 57 per cent stake in Crocker, the Californian-based bank which then ranked 14th in the US, it had high hopes.

Midland had been the slowest of the UK clearing banks to expand overseas and the acquisition of its Crocker stake provided it with a broader earnings base, gave it a major foothold in the world's biggest single retail banking market, and established it as one of the world's top 10 banks.

But, within little more than a year, Crocker was beset with problems. Armed with new capital from the Midland investment, the bank had, in a bid to further raise its market share, expanded aggressively into the Californian property market, a move which, with the arrival of the US recession, was to saddle it with mounting levels of bad debt.

With growing suggestions that the Crocker deal had been ill-timed and that Midland's subsequent management style had proved far too remote, lower earnings gave way in 1983 to heavy losses, which helped pull Midland's pre-tax profits down by 10 per cent. Without Crocker, Midland would have turned in a better performance than Barclays or NatWest.

Top management changes followed in early 1984, culminat*ing in the arrival of Mr Frank* Cahouet as the new Crocker chairman. By the summer of the same year, Crocker—as part of the drive to strengthen its balance sheet—was forced to sell

Sir Donald Barron, chairma nof Midland.

Despite strenuous attempts to put the operation back *on its* feet, Crocker remained haunted by bad debts and, by the end of 1984, was reporting the second largest loss ever recorded by a US bank. In a bid to impose *tighter control on the Californian* subsdiary's affairs, Midland paid $224m in mid-1985 to buy the 43 equity stake in Crocker which it did not already own.

Loss provisions were reduced *and substantial cost-savings* achieved. Only last month, the results of Midland's hard work—helped along the way with a major balance-sheet restructuring that transferred over $3bn *of loans into Midland's inter*national division—had begun to show through. Crocker had, in 1985, *finally* inched out of the red.

But with the operation beginning to emerge in better shape, *Midland has decided to take the* opportunity to get out from under a banking business which promised so much but which earned it barely a cent. And despite the apparent turnround in Crocker's fortunes, there was clearly *still* a long way to go before the bank could even begin to perform in the way that had originally been envisaged.

In the event, Midland's four-year affair with US retail banking, originally seen as a crucial element in its long-term, international strategy, was brought to an end in 26 days of hard bargaining, headed up on the Midland side by Mr Geoffrey Taylor, chief executive, and Mr Michael Julien, the finance director.

Sir Donald Barron, Midland's chairman, was at pains to emphasise yesterday that the bank had *not* been seeking a buyer for Crocker. The aim had been to rehabilitate the bank but Wells Fargo had made a good offer. While it was now clear that Crocker, as part of Midland, could operate successfully and profitably, it was obvious that the combined strength of Wells Fargo and Crocker would give the merged group a strength which the US subsidiary would be unlikely to achieve on its

Sir Donald suggested that international banking had recently undergone fundamental changes which had inevitably altered Midland's attitude towards its US banking operation. He explained: "The world has changed since we first acquired our shareholding in Crocker. We went in because the US offered a stable source of dollar deposits and because we felt the need to move away from UK risks, not least the threat of nationalisation which existed when we first considered a move into the American market."

Sir Donald added: "There has been an enormous sea-change in the world's regulatory markets and technological changes have also helped transform the banking sector. The need for a retail banking base in the US is not as essential as it once seemed."

UK BANK OPERATIONS IN THE US

California proves a tough testing ground

MIDLAND BANK'S decision to sell its troubled Crocker Bank subsidiary to Wells Fargo, another California-based group, highlights the very real problems that UK banks have faced in breaking into the world's biggest banking market, writes William Hall and Paul Taylor in New York.

Crocker's heavy losses in recent years have imposed a serious strain on Midland's top management and balance sheet and while Midland's US difficulties have been exceptional, the record of other British Banks in the US has been patchy.

There have been rumours on Wall Street and in London that Lloyds and Barclays would not be adverse to selling their marginally profitable Californian operations if a buyer came along.

California has been a magnet for British banks because of the size and historical profitability of *its retail banking market. Lloyds* Bank has invested around $155m in Lloyds Bank of California and Barclays has spent $80m on Barclays Bank of California, but both these investments are overshadowed by the Midland's $1.2bn investment in Crocker.

The British clearing banks have generally been disappointed by their California experience. Their entry into the California market coincided with a sharp downturn in profitability among many of the medium-sized banks in the state.

Deregulation of interest rates impacted the cost of their funds and by the time they had adjusted for this, they were hit by a sharp downturn in sections of the West Coast economy and *soaring loan losses on their* agriculture, property and energy lending.

At the s ame time, the Californian banking market is fiercely competitive. Dozens of new banks are entering an already over-banked market and contributing to exceptionally high levels of staff turnover.

Despite this, some California banks, like Los Angeles-based Union Bank, owned by Standard Chartered of the UK, and Security Pacific, the seventh largest bank in the country, have managed to prosper. But others, most notably San Francisco-based Bankamerica, the country's second largest banking group, are visibly hurting.

While the Californian banking market has proved to be one of the toughest testing grounds for *foreign entrants in recent years,* UK banking groups have also found it difficult to establish firm footholds elsewhere in the US.

In total, British banking groups have invested more than $4bn in US subsidiaries, but with *very few exceptions* they are not making the sort of returns they would expect on their domestic UK businesses. Because of this, several of the British groups appear to be having difficulty in formulating a clear strategy for their US operations.

They do not know whether their US operations should be focused on the retail, investment banking or a wholesale corporate markets—several of them are still trying to straddle all three businesses. With the exception of Citicorp, very few US banks, let alone British banks, have the financial muscle and manegement skill to pursue this universal strategy *successfully*.

The British banks which have managed to make a success of *their US investments have* generally focused on one segment of the banking market and relied on US management. Union Bank, after a shaky start, is doing well under the Standard Chartered umbrella. It has focused on serving the upper end of the medium-sized corporate market in California. Over the last four years Union has lifted its net earnings from $29.4m to $44.4m.

Standard Chartered felt confident enough to announce plans recently to expand its US operations through the $330m acquisition of United Bancorp of Arizona—a move that will lift its total US investment to $750m.

National Westminster, after being heavily criticised for paying a premium price for New York-based National Bank of North America, has managed to slowly turn the business around. After posting losses in 1980 and a marginal profit in 1981 the now renamed *NetWest-USA* reported a 36 per cent increase in 1985 net income to $54.6m.

National Westminster has focused its US operations on a retail banking business centred around New York city and servicing US *multinationals*.

Another bank which has managed to master the fickle US market place is Hongkong and Shanghai whose $314m investment for a controlling interest in New York-based Marine Midland, the 18th largest bank in the US with $23.4m in assets, has payed handsome dividends.

Last year Marine Midland increased its profits by 17.6 per cent to $125.1m — more than double its earnings in 1980 when Hongkong and Shanghai took its initial stake. Hongkong and Shanghai has *left* Marine Midland's managers largely independent.

Among the British banking groups, Barclays has the most broadly based US business with operations in 37 states including, *uniquely among the UK groups*, retail banking operations on both the East and West coasts as well as a profitable finance subsidiary called Barclaysamericacorporation which could be the launch vehicle for Barclays' nationwide banking aspirations.

However even Barclays, whose total investment in the US is about $1bn, has been facing an uphill struggle and is still not earning anything near the 20 per cent return on capital it has *targeted. After some embarrassing losses in* 1982 and 1983—associated with its aggressive drive for market share in energy lending—the group's US operations are now recovering.

It is unlikely that any of the *other UK banks will* exit the US as dramatically as Midland. But there are serious doubts about whether they are prepared to increase their investment in the US, in order to reach the critical mass needed to be seen as more than *bystanders in a market* which is increasingly dominated by large financial group's like Citicorp with $174bn in assets.

US INTERESTS OF BRITISH BANKS—1984

	Total Assets %	Profits %
Barclays	16	5
Lloyds	10*	7
Midland	31	na
NatWest	15	6
Stan. Chartered	25	17†
Hongkong Bank	35‡	32§

* Excluding Mexico. † Trading profit. ‡ Disclosed. § Disclosed net profits before minority interests.

Meggitt tops £2m and seeks cash to expand

THE FIRST results of Meggitt Holdings, following its acquisition of Negretti, show a pre-tax profit of £2.13m for the year *ended October 31 1985, and the* directors regard the period as most encouraging.

They expect the group to demonstrate continuing growth in the current year. To assist expansion, including the possibility of acquisitions, they are asking shareholders to subscribe a rights issue to raise some £10.9m net.

Terms of the underwritten (by N. M. Rothschild) issue are one-for-three at 94p each for holders registered January 31, payable in *full* on acceptance by March 5. Nearly 11.93m shares are on offer but they will not rank for the 1984-85 dividend, which is the promised 0.75p net. No payment has been made for the last four years.

Meggitt is a distributor of engineering products and returned to profits of £354,000 in 1983-84, following three years of losses. In a move to expand high technology products last *July it acquired Negretti, which* is involved in the field of aviation instruments and equipment *and industrial electronics*.

For accounting purposes the acquisition has been taken as a merger and the results of the two companies have been combined for 1984-85; comparisons have been restated to include Negretti.

Turnover rose by £7.26m to £28.11m and the profit before tax was up from £974,000 to £2.13m. This was struck after interest of *£109,000 (£164,000)* on convertible loan stock of Negretti—since converted—and profit sharing £25,000 (£7,000).

Mr Donald Driver, chairman, says the results demonstrate the substantial growth that has occurred as a result of the continued development of the Meggitt business and the completion of acquisitions.

He cannot forecast for the current year, but says the *group's rate of order intake* remains high, and a significant proportion is for delivery in the second half. In addition the results are expected to benefit from the recent acquisition of the Holsworthy Electronics group.

Brokers to the issue are Capel-Cure Myers.

● comment

Meggitt has issued so many shares recently, that were it not *for the strength of the company's* new management, clearly demonstrated in these results, the market might by now have had its fill. As it was, the shares barely reacted yesterday, falling just 4p to 107p. Indeed, the market should be cheered that Meggitt is not letting up in its search for likely acquisitions, and the proceeds of this latest rights issue should see it through a number of small and *medium purchases*, without interfering with Meggitt's obvious intention of taking on something big. Meanwhile, nobody could say the company is not coping with what it already has on its plate. Insley, the distribution subsidiary seems to be growing at a solid 15 per cent a year, generating cash as it goes. Negretti is responding to the new management style and already has a fatter order book. The latest acquisition, Holsworthy, seems to have been a particularly shrewd purchase, with its profits set to rise this year by about 50 per cent. Boosted by the rights proceeds, Meggitt should easily make £4.2m, which, after a 29 per cent tax rate, would imply a well deserved prospective p/e of 15.

COMPANY NEWS IN BRIEF

HARVARD *Securities' £2.8m bid* for the specialist investment company United Computer and Technology Holdings was yesterday topped by an agreed £2.9m deal between UCAT and Park Place, the training, publishing and *financial services group*, which is offering one of its own shares for two of UCAT's with a cash alternative of 108p. The share deal would result in the issue of 1.2m shares in Park Place. It said last year it was *planning to build up its* Park Place Finance subsidiary with a view to floating it off as a separate company. It plans to integrate UCAT with Park Place Finance.

FLEMING AMERICAN Investment Trust is raising its dividend from 5.25p to 5.75p net for 1985, with a final of 3.75p. Gross income came to £3.88m (£3.64m) and net revenue to £1.11m (£825,000). *Earnings were 6.51p* (6.19p) per share.

SIR JAMES GOLDSMITH'S Cavenham Group, a subsidiary of Generale Occidentale of France, and which has as its main activity the holding of investments in Cavenham Holdings of the US, reports pre-tax profits down from £11.5m to £8.3m for the half year to September 30 1985. This follows the disposal of a substantial part of its investment in Holding's promissory notes and reinvesting the funds in Compagnie Occidentale Forestiere and Basic Resources International (Bahamas). Profit attributable to ordinary shareholders is £4.2m against £6.4m.

SANDHURST MARKETING (Office Supplies) is selling its interests in the leather and fancy goods wholesaling business of

(London) to Bemrose UK for between £500,000 and £600,000. The price includes £100,000 for goodwill and stock at valuation yet to be agreed.

CHRISTIAN SALVESEN has sold Salvesen Offshore Services to Aberdeen-based John Wood Group for a price in excess of its net book value of about £1.5m. Salvesen Offshore Services operates a supply base at Aberdeen and various other services including pollution control and waste oil collection.

INDUSTRIAL PRECISION Castings reports pre-tax profits up from £157,000 to £353,000 in the six months to November 2 1985 on turnover 42 per cent higher at £2.64m (£1.85m). The directors of this manufacturer of high precision light alloy castings for the aerospace and defence industries say the improved result is

activity and improved efficiency. Prospects for future sales look encouraging, and sales continue to be actively sought in the US. The interim dividend is increased from 0.62p to 1.25p — the company's shares are traded on the market formed by Granville and Co.

JOHN WILLIAMS of Cardiff directors and their financial advisers consider the Wyndham Group's offer to be opportunistic and totally inadequate. They do not intend to accept in respect of their own holdings and they say they urge shareholders to reject.

SECCOMBE MARSHALL & Campion, the discount house, reports a retained profit of £260,637 for the eight months to end-December 1985 compared with £61,254 for the previous 12 month period. The company became a subsidiary of Citicorp International Bank last

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FOR A STRONGER SCOTCH JUST ADD GUINNESS.

Scotch whisky is one of our leading exports. Over 16,000 jobs depend on it.

Johnnie Walker & Co. must be made stronger if they are to win the fight for overseas sales.

There is opposition from the Far East, America and Canada.

Each has its own thriving whisky brands. And powerful international corporations to market them.

Scotch whisky needs a similar champion. And our merger with Distillers would create one.

Time and time again Britain has failed to wake early enough to the challenge from overseas.

The alarm bells are now ringing on the world whisky market.

Help us respond. Support the Guinness Distillers bid.

GUINNESS PLC

Guinness and Distillers. A stroke of genius.

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Grand United Holdings rescue plan agreed

BY WONG SULONG IN KUALA LUMPUR

LEADERS OF the Malaysian Chinese business community have agreed a formula to help keep afloat Grand United Holdings (GUH), the master company of Mr Tan Koon Swan, the beleaguered *entrepreneur* and politician.

The powerful Associated Chinese Chambers of Commerce and Industry of Malaysia (Accim) has reached a deal with Mr Tan to buy 32 per cent of Supreme Corporation, a finance and property company, for 97m ringgit ($39.5m).

The deal—reached after two days of negotiations between Mr Tan and Tan Sri Wee Bonn Ping, the Accim president — will involve Grand United Holdings, which owns 49.8 per cent of Supreme, selling off 77.4m shares valued at 1.25 ringgit each to Unico, Accim's investment arm.

Unico is taking only 32 per cent of Supreme in order to *avoid making a general offer.*

Tan Sri Wee said the purchase was conditional on all relevant parties, including the Malaysian authorities, agreeing to Unico having board and management control of Supreme.

Mr Tan, who faces 15 criminal charges in Singapore arising from the collapse of Pan-Electric Industries, controls about 35 per cent of GUH, whose most valuable asset is Supreme.

GUH also has 43 per cent of Sigma International, which in turn has a 22 per cent stake in Pan-Electric.

The Supreme deal will mean a big injection of badly needed cash for GUH, while Unico *gains control of a profitable and* diversified company.

Shares of GUH and Supreme have been suspended since last November after the Pan-Electric crisis. They were last traded at 1.19 ringgit and 1.39 ringgit respectively, giving the companies a market capitalisation of 271m ringgit and 337m ringgit.

Steven Butler adds from Singapore: A consortium of banks headed by American Express and Bankers Trust is said by stockbrokers to be arranging a S$ 300m (US$ 140.7m) loan facility for the Stock Exchange of Singapore, where broking houses are facing imminent default on forward share contracts.

The *new credit,* which has yet to receive approval from the Monetary Authority of Singapore (MAS), would last for seven years and be structured as a revolving underwriting facility. Bankers Trust and American Express have each declined comment.

Brokers say the new facility has been under discussion for several weeks, and a formal proposal was presented to the MAS last week. It would apparently replace a previous S$ 180m lifeboat for the stockbrokers that local banks established in early December after the collapse of Pan-Electric led to a three-day closing of the stock market.

The terms of the previous *facility descouraged* brokers from applying to use the funds. Several brokers reportedly applied to draw money from the *fund, but the applications* were never acted on due to ambiguities in the terms of the lifeboat.

The new facility would be far more sophisticated in structure. It would be serviced by a proportion of commissions received on share transactions, as well as sales of new seats on the exchange or sales of seats of any members which became insolvent.

Swedish SE tightens disclosure regulations

By David Brown in Stockholm

THE STOCKHOLM Stock Exchange yesterday announced plans to tighten corporate reporting requirements as a pre-condition to continued listing on the bourse.

A new "*listing contract*" is to be tabled by the end of the year, but Mr Bengt Ryden, the stock exchange chief, has "recommended" that companies adhere to the new guidelines immediately.

The reporting requirements—specifically centering on directed share issues—are the exchange's first concrete step in response to a growing debate over ethical standards and the adequacy of existing self-regulatory mechanisms.

A government investigative commission was formed late last year after the so-called "Leo affair," in which several of Sweden's most influential businessmen were offered shares in a company at favourable rates before its introduction. This sparked urgent calls for new legal mechanisms to protect small shareholders.

The *new* rules would require public disclosure of the terms and motivations of such *directed* issues. The *stock exchange board said it* would issue further recommendations in the coming weeks.

Meanwhile, the stock exchange has recommended in favour of an application by *Citibank Sweden, the newly* formed subsidiary of the US commercial bank, for a brokerage licence.

Citibank is one of 13 foreign banks which were granted permission last month to establish subsidiaries *in Sweden.*

It has applied to the Bank Inspection Board for a licence to operate on the *money* and stock markets here, together with three other foreign institutions.

They are Christiania Bank of Norway, Credit Lyonnais of France, and Kansallis-Osake-Pankki of Finland.

London options were not available for this edition

Elkem sounds out deal with Norcem

BY FAY GJESTER IN OSLO

ELKEM, the Norwegian metals group, and Norcem, the country's biggest building materials supplier, revealed yesterday that they have been engaged for several months in talks that could lead to co-operation or even to a merger.

Both companies stressed that the talks were still at an early stage, and were more in the nature of soundings than of merger discussions. Shareholders will be kept informed if specific proposals emerge.

Elkem is involved in metals, mining and manufacturing, while Norcem, until some years ago mainly a producer of cement and building materials, has recently expanded into a wide range of offshore activities, including engineering, fabricating, drilling and marine services.

An Elkem-Norcem merger would create a company almost as large as the land-based activities of Norsk Hydro, with 20,000 employees, annual turnover of NKr 16bn ($2.15bn), and a stock market value of around NKr 3.5bn ($472m).

While Elkem's large output of aluminium and ferro-alloys leaves it vulnerable to world demand cycles, Norcem has *steadily* expanded profits over recent years, and has apparently *successfully digested* its various purchases. Fields in which both are active include building materials, building technology, engineering and *quarrying.*

A few years ago a planned merger between Norcem and Borregaard, another leading Norwegian industrial group, was thwarted by shareholder opposition. This time Norcem and Elkem appear concerned to step carefully around this hazard.

At the same time Elkem has agreed to acquire Orkla *Industrier's shares* in two Norwegian ferro-silicone producers, Orkla Metal and Bjolvefossen. It is buying 50 *per cent of Orkla* Metal from Orkla Industrier and the rest from AMMC, of the US, for around NKr 60m.

Elkem has also bought Orkla's 51 per cent stake in Bjolvefossen (for NKr 115.76m) and has purchased shares in the open *market for* NKr 2.4m, to bring its total Bjolvefossen stake to about 52 per cent. It says it has no plans at present to buy more shares.

Vitatron in talks with Medtronic

By Our Financial Staff

VITATRON of the Netherlands *is in talks with Medtronic of the* US, which may lead to a takeover offer for the Dutch group.

Discussions are at an advanced *stage and are expected* to lead to a cash offer of *Fl20.8m ($7.6m) for Vitatronic,* which manufactures heart pacemakers and has lost *money* in recent years.

Two years ago Vitatron, which is listed on the London Stock Exchange, *completed negotiations* for a Fl 8m cash injection from investors. Later in 1984 the company sold its troubled scientific division for Fl 2.8m.

Vitatron, which is not listed in the Netherlands, came to the London market in 1979. It made profits before tax of Fl 8.1m in that year but subsequently ran up a string of losses. Its shares were suspended in London late last month.

Medtronic is a leading manufacturer of heart pacemakers, based in Minnesota. It also makes heart valves, and a *variety of neurological devices.*

US deal for Swan Brewery

PITTSBURGH BREWING of *the US has agreed a US$29.3m* takeover by Mr Alan Bond's Swan Brewery, of Australia, following a $1 per share increase in the bid price to $22.50 Our Financial Staff writes. The deal supplants a previously planned leveraged buy-out involving management and Donaldson Lufkin and Jenrette.

Kidston earns A$50m in first 10 months

BY KENNETH MARSTON, MINING EDITOR

KIDSTON GOLD MINES, Australia's biggest gold producer, has reported net profits for its first 10 months of *A$50.76m ($35.2m or £25.1m).*

The company's Queensland open-pit gold mine came on stream in April last year and has produced 206,467 oz gold and 109,516 oz silver.

A total of 3.77m tonnes of ore *was milled last year while ore reserves* have been recently upgraded to 39.22m tonnes. Kidston is considering raising its ore milling capacity within the next 12 to 18 months to help *maintain production* levels when harder rock is processed.

By the end of 1985 borrowings had been reduced to *A$78.9m from A$123m in March* of that year. This was achieved by the redemption of preferred shares and no preference shares *were outstanding under the* credit facility extended by Chase Manhattan.

No final dividend has been *declared for 1985, but two interims have been* already announced, of 15 cents and 10 cents respectively.

Kidston *is 70 per cent* owned by Canada's Placer *Development and 15 per cent* by Australia's Elders Resources, with the remainder in public hands. In order to meet Australia's *foreign* investment guidelines, a further offer of Kidston shares is expected to be made to Aus*tralian investors this year.*

● The Australian gold-producing Sons of Gwalia has formed *a new public company, Gwalia* Deeps, which is to enter a joint venture with Sons of Gwalia and Western Mining Corpora*tion. This will give the newcomer* the right to earn an interest *of 44 per cent in the gold mining* lease which covers extensions of the Sons of Gwalia orebody.

In the event of a gold mining operation being established on this ground the ownership of the project would be: Western Mining 51 per cent, Gwalia Deeps 44 per cent and Sons of Gwalia 5 per cent.

Meanwhile, Sons of Gwalia is to take up 25 per cent of a proposed A$1.5m issue of Gwalia Deeps' 50 cent share at par, with the balance being taken by other parties.

Philadelphia to open Ecu trading

BY ALEXANDER NICOLL

THE PHILADELPHIA Stock Exchange, which on Wednesday will add the European Currency Unit to the six currencies upon which it trades options, expects *early Ecu business to be intermittent.*

Mr Arnold Staloff, an exchange official, said in London *on Friday that use of the Ecu* in debt issues and for other purposes was probably not yet liquid or continuous enough for steady business to be seen in options. But the new option is likely to attract banks active in the Ecu forward and deposit markets, as well as securities houses seeking arbitrage opportunities, he said.

The specialist book in Ecu options will be held jointly by Spear, Leeds and Kellogg Securities and Cooper, Neff and Associates. Spear, *Leeds is* a large specialist on the New York Stock Exchange, and owns a leading options market-maker as well as the largest market-maker in the over-the-counter share market. Cooper, Neff is a local Philadelphia firm *already active in currency* options.

The European Options Exchange in Amsterdam already *trades Ecu options, and the* Chicago Mercantile Exchange and the New York Cotton Exchange trade Ecu futures.

Mr Staloff said an application by Banque Indosuez to act as a market-maker in French franc options at the Philadelphia exchange is likely to be refashioned. The Federal Reserve Board barred the bank from being a specialist last December in a decision in which Mr Paul Volcker, the chairman, was outvoted for only the second time *in the central bank's history.*

The Fed's ruling, made partly on the grounds that banks do not have floor trading experience, has been seen as a serious setback to traded currency options, and has forced many other applications from banks to be shelved.

The Fed said being a specialist could present a conflict of interest with a bank's activities in the underlying foreign exchange market. But to banks, the ruling has seemed anomalous because they are allowed to deal in the much larger over-the-counter currency options market, which is far less open to scrutiny than exchange-traded business.

The Philadelphia exchange still hopes to inaugurate by March or April a link with currency options traded on the London Stock Exchange. Their attempt to set up a link has been bogged down in clearing and regulatory delays.

GBL proposes higher dividend

By Our Financial Staff

Groupe Bruxelles Lambert (GBL), Belgium's second largest holding company, is to increase its dividend for 1985. The company paid BFr 100 net per share over 1984.

Earnings were rising as a result of the growth in recurrent revenue at both group and subsidiary level, GBL said.

The results of affiliates in the financial services sector were showing strong gains, net earn*ings at Drexel Burnham* Lambert, it's US affiliate, rose more than three-fold in 1985 and the outlook for 1986 "as bright."

In the UK, Henry Ansbacher Holdings would show "better than foreseen" results for the year ending March 1986.

Westland-Utrecht in red

WESTLAND-UTRECHT, HYPOTHEEKBANK, the Dutch mortgage bank, made a loss of about Fl 253m ($93.7m) for 1985 following heavy provisions *and a downward revaluation of* property. It made nearly Fl 10m profit in 1984, writes Our Financial Staff.

Nationale Nederlanden, the big insurance group, which rescued the mortgage bank from collapse in 1984 will *inject Fl 277m* into the bank. In addition, the Dutch central bank will provide a Fl 125m soft loan.

The disclosure of fresh losses represents a major setback for Westland-Utrecht, which had been seen to be making a steady recovery following the financial intervention by Nationale Nederlanden.

For 1984 when halving provisions for general contingencies, Westland warned that the Dutch property market remained uncertain and that provisions might have to rise for 1985.

However, the scale of the setback for last year, coupled with heavy assistance from the Dutch central bank, is far greater than had been expected.

NORTH AMERICAN QUARTERLIES

COLUMBIA GAS SYSTEM
Gas wholesaler

	1985	1984
Fourth quarter	$	$
Revenue	1.23bn	1.21bn
Net profits	24.8m	27.9m
Net per share	0.53	0.62
Year		
Revenue	*4.14bn*	*4.64bn*
Net profits	†107.0m	138.6m
Net per share	†2.67	3.53

† Loss reflects $207m rate settlement charge

DOMTAR
Pulp and paper

Fourth quarter	1985	1984
	C$	C$
Revenue	549m	504.7m
Net profits	29.3m	18.5m
Net per share	0.69	0.46
Year		
Revenue	*2.13bn*	*2.04bn*
Net profits	96.1m	86.1m
Net per share	2.33	2.22

ENGELHARD
Precious metals refiners, minerals

Fourth quarter	1985	1984
	$	$
Revenue	675.3m	642.3m
Net profits	11.1m	17.7m
Net per share	0.41	0.66
Year		
Revenue	2.26bn	2.51bn
Net profits	42.7m	46.3m
Net per share	1.58	1.72

GENERAL PUBLIC UTILITIES
Electric utility

Fourth quarter	1985	1984
	$	$
Revenue	693.2m	678.4m
Net profits	14.1m	41.2m
Net per share	*0.23*	0.66
Year		
Revenue	*2.86bn*	*2.73bn*
Net profits	96.5m	128.5m
Net per share	1.54	2.05

NEW YORK TIMES
Diversified media business

Fourth quarter	1985	1984
	$	$
Revenue	385.2m	336.6m
Net profits	30.2m	27.6m
Net per share	0.75	0.70
Year		
Revenue	*1.4bn*	*1.2bn*
Net profits	116.3m	100.2m
Net per share	2.90	2.53

SEALAND
Freight transportation

Fourth quarter	1985	1984
	$	$
Revenue	395m	416.5m
Net profits	†16.3m	11.7m
Net per share	†0.70	0.49
Year		
Revenue	1.63bn	1.76bn
Net profits	14.2m	80.5m
Net per share	0.61	3.51

† Loss.

TEXAS EASTERN
Gas pipelines, oil

Fourth quarter	*1985*	*1984*
	$	$
Revenue	1.46bn	1.68bn
Net profits	†96.8m	73.2m
Net per share	†1.82	1.39
Year		
Revenue	5.46bn	6.19bn
Net profits	40.0m	212.4m
Net per share	0.75	4.04

† Loss.

TRANSCO ENERGY
Natural gas distribution

Fourth quarter	1985	1984
	$	$
Revenue	*1.06bn*	*904.4m*
Net profits	28.5m	30.7m
Net per share	1.12	1.22
Year		
Revenue	3.73bn	3.64bn
Net profits	**18.1m*	*137.1m*
Net per share	0.31	5.27

* Includes $92m charges

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$340	102	6.50	3	17	—		$ 337.50
GOLD C	$360	20	1.40	138	9.50	7	17	"
GOLD C	$380	100	0.80	42	5	—	—	"
GOLD C	$400	5	0.10	—	—	10	5	"
GOLD P	$300	10	0.20	—	—	60	3.50	"
GOLD P	$320	60	0.50	9	5.50	—	—	"
GOLD P	$340	125	5.60	32	12.50	—	—	"
		Mar.		June		Sept.		
SILVER C	$600	2	20	—	—	4	55	$589
£/FL C	Fl.365	—	—	—	—	11	16.50 B	Fl.380.82
£/FL C	Fl.370	16	11	1	11.30	—	—	"
£/FL C	Fl.375	10	7.50	—	—	—	—	"
£/FL C	Fl.380	24	5	1	6.80 B	—	—	"
£/FL C	Fl.390	150	1.60	250	3.65	2	8.30	"
£/FL C	Fl.415	—	—	—	—	4	1.30	"
£/FL P	Fl.380	4	8 B	1	16.50	—	—	"
£/FL P	Fl.385	10	11	—	—	—	—	"
S/FL C	Fl.265	—	—	—	—	80	11	Fl.271.70
S/FL C	Fl.270	32	5	100	7 B	—	—	"
S/FL C	Fl.275	10	2.80	—	—	—	—	"
S/FL C	Fl.280	304	1.40 B	40	3.60	—	—	"
S/FL C	Fl.285	—	—	35	2.20	—	—	"
S/FL C	Fl.290	—	—	58	1.50 B	—	—	"
S/FL P	Fl.265	31	2.10	26	6	—	—	"
S/FL P	Fl.270	131	4	135	8.20	1	11	"
S/FL P	Fl.285	—	—	51	17	—	—	"
		Apr.		July		Oct.		
ABN C	Fl.620	129	14.20	15	18	—	—	Fl.582
ABN P	Fl.540	172	5.70	7	14	—	—	"
AEGN C	Fl.110	246	6.80	22	9A	10	10.30 A	Fl.107
AEGN P	Fl.105	266	4.80	12	6.30	—	—	"
AH C	Fl.85	32	3.70	6	5.80	—	—	Fl.80
AH P	Fl.72.50	82	1.40	—	—	—	—	"
AKZO C	Fl.160	511	11.40	133	13.70	32	19.60	Fl.164.10
AKZO P	Fl.270	258	10.10	19	15.90	—	—	"
AMEV C	Fl.90	54	3	25	4.50	5	6.60	Fl.89.50
AMEV P	Fl.80	80	3	—	—	—	—	"
AMRO C	Fl.120	108	3.40	17	5.70	5	7.30	Fl.110.30
AMRO P	Fl.115	80	9.00	—	—	—	—	"
GIST C	Fl.310	124	5.80	9	9.30	—	—	Fl.274.50
GIST P	Fl.270	47	8.50	—	—	—	—	"
HEIN C	Fl.240	77	5	4	9	—	—	Fl.227
HEIN P	Fl.220	38	5.80	1	7	—	—	"
HOOG C	Fl.90	244	4.80	41	7	12	9.50	Fl.87.20
HOOG P	Fl.85	318	3.70	132	6.20	—	—	"
KLM C	Fl.65	810	2.70	627	5.10	148	6.50	Fl.61.80
KLM P	Fl.60	215	3	95	4.80	—	—	"
NEDL C	Fl.220	60	4.10	—	—	—	—	Fl.195.50
NEDL P	Fl.190	86	7.50 B	—	—	—	—	"
NATN C	Fl.85	235	2.50	184	3.80	55	5.50	Fl.78
NATN P	Fl.75	323	2.60	7	4.70 A	20	5.50	"
PETR C	Fr.5500	5	190	—	—	—	—	Fr.5200
PHIL C	Fl.65	2327	4	624	5.40	102	7.50	Fl.64.70
PHIL P	Fl.60	491	1.70	584	3.10	21	4	"
RD C	Fl.170	435	6.60	430	9.30	88	13	Fl.167.80
RD P	Fl.160	60	1.20	1257	3.20	17	5	"
ROBE C	Fl.85	5	3.50	—	—	—	—	Fl.85.50
ROBE P	Fl.85	5	3	—	—	—	—	"
UNIL C	Fl.400	79	12.40	6	25	—	—	Fl.384
UNIL P	Fl.360	69	5.50 B	2	11	—	—	"

TOTAL VOLUME IN CONTRACTS: 49,206

A=Ask B=Bid C=Call P=Put

LADBROKE INDEX
1,183-1,186 (+8)
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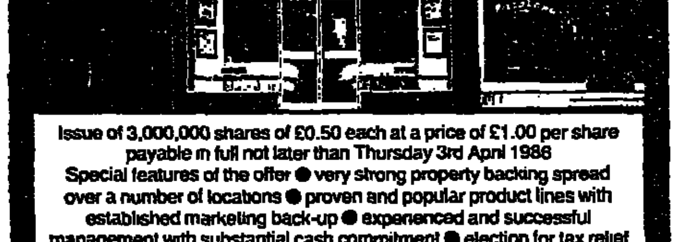

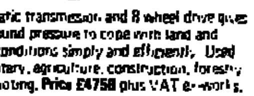

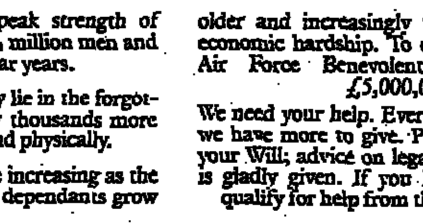

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	132	—	7.3	6.0	7.6	7.0
151	121	Ass. Brit. Ind. CULS	127	—	10.0	7.9	—	—
75	43	Airsprung Group	70	—	6.4	9.1	11.7	15.2
46	33	Armitage and Rhodes	35	—	4.3	12.3	4.3	5.2
168	108	Bardon Hill	168	+1	4.0	2.4	21.3	22.1
64	42	Bray Technologies	56	—	3.9	7.0	6.8	7.9
201	136	CCL Ordinary	137	—	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pf.	98	—	15.7	16.0	—	—
134	80	Carborundum Ord.	134	—	4.9	3.7	6.6	10.3
94	83	Carborundum 7.5pc Pf.	92	+1	10.7	11.6	—	—
65	46	Deborah Services	57	—	7.0	12.3	5.9	7.8
32	20	Frederick Parker Group	21	—	—	—	—	—
92	50	George Blair	82	—	—	—	3.8	6.8
65	20	Ind. Precision Castings	65	—	3.0	4.6	17.1	14.3
218	163	Isis Group	163	−1	15.0	9.2	12.5	18.7
122	101	Jackson Group	119	—	5.5	4.6	8.0	8.0
316	228	James Burrough	316	—	15.0	4.7	10.0	10.0
95	85	James Burrough 9pcPf	91xd	—	12.9	14.2	—	—
95	64	John Howard and Co.	64	−1	5.0	7.8	5.1	8.0
885	570	Minihouse Holding NV	885	—	6.9	0.8	38.6	36.7
82	32	Robert Jenkins	67	—	—	—	9.7	19.1
34	28	Scruttons "A"	20	—	—	—	—	7.7
87	66	Torday and Carlisle	67	+1	5.0	7.5	3.4	6.1
370	320	Trevian Holdings	325	—	4.3	1.3	18.5	18.2
42	25	Unilock Holdings	40	—	2.1	5.3	10.9	10.6
133	93	Walter Alexander	132	—	8.6	6.5	7.5	9.1
226	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

هكذا هو الأصل

هكذا عن الوكيل

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FOR THOSE WHO WISH TO DIG DEEPER INTO HANSON TRUST, HERE IS A SHOVEL.

It may appear to be just a common or garden American shovel.

But it is the ideal tool to demonstrate the business methods we employ at Hanson Trust.

Because that shovel is made by Ames, a company formed in Massachusetts by one Captain John Ames in 1774.

For a couple of centuries or so it prospered in a reasonable, if unspectacular, manner.

Then, in 1981, it was acquired by Hanson Industries, the American arm of Hanson Trust.

The first thing we did was take a long, hard look at the company.

The management. The manufacturing facilities. The products. The marketing. The lot.

As we hoped and suspected, Ames could indeed work well within our well-tried philosophy of decentralised management.

Their top people had the experience, enthusiasm and ideas, to be masters of their own destiny.

And so they set to with gusto.

That was 5 years ago.

What, then, of the Ames Co now, in 1986?

Well, all their senior management are still in place.

Over 80 new products have been introduced.

And pre-tax profit has more than doubled to over $14,000,000.

Proof indeed that, when our companies are given the tools, they do a splendid job for Hanson Trust shareholders.

HANSON TRUST

CONTINUING GROWTH FROM BASIC BUSINESSES.

WORLD STOCK MARKETS

WALL STREET

Dow dips 8 on Federal Court ruling

LOWER LEVELS developed in fairly active trading on Wall Street yesterday, with some increased selling after a Federal Court ruled the Gramm-Rudman Deficit Reduction Law unconstitutional.

By 1 pm the Dow Jones Average was down 8.60 to 1,592.09, reducing its rise on the week to 21.10, while the NYSE All Common index, at $122.48, *shed 66 cents on the day but* still held a 35 cents gain on the week. Trading volume decreased 23m shares to 97m, compared with 1 pm Thursday.

Trude Latimer, of Evans and Co, said the market could be affected adversely early next week because of Gramm-Rudman.

But she said the effects probably wouldn't be long lasting and investors would refocus on an improving economy.

Earlier the stock market was down following a Government report of surprisingly strong employment data for the month of January. The Labour Department said the civilian unemployment rate fell to 6.7 per cent in January, the lowest since March of 1980.

Bond prices are weak on the theory that a strong economy will convince the Federal Reserve Board not to lower interest rates further. Stock prices were widely expected to mirror the early decline in bonds.

Oil prices, whose downward spiral has fuelled the stock market's advance over the past month, were higher in Europe yesterday morning and are expected to open higher when trading gets underway in the US as well.

Chevron were up $⅞ to $34⅞, as were Atlantic Richfield to $51⅞, while Amerada Hess improved $¾ to $23⅞.

Dresser Industries rose $1 to $17 on favourable comment.

ATT led the actives, off $¼ to $21¼. *IBM were off $1¼ to $152⅞.*

Dayton Hudson, which said Thursday it expected flat results, declined $⅞ to $41⅛.

Texas Instruments advanced 3⅞ to $121—several analysts have recently recommended semiconductor issues.

Foxmyer, moved up $1 to $32½ —it disclosed it is in talks to be acquired.

THE AMERICAN SE Market Value index shed 0.61 to 243.10, making a loss of 0.77 on the week. Volume decreased 3.02m shares to 7.12m, compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stocks fell in fairly active mid-session trading after partly rebounding Thursday from two previous sessions of steep losses.

The Toronto Composite index lost 16.45 to 2,784.51. Oil and Gas 9.4 to 2,822.2 and Golds 25.5 to 4,502.0.

Banks also declined after *Thursday's latest round of* Canadian interest rate increases.

Sherritt Gordon were off $⅛ to *$7⅞—it said it realigned its* organisation structure into four separate divisions.

Abitibi-Price fell $⅛ to $20⅞, despite reporting higher fourth quarter and full-year profit, and predicting further earnings gowth in 1986.

TOKYO

Share prices closed up again for the seventh session in a row and set another record high.

The Nikkei Dow index gained 25.52 to a fresh peak of 13,212.13. Volume 400m (unchanged) shares.

Utilities move up strongly on a Press report that they wouldn't cut the rates they charges to customers, despite lowered *costs* from falling oil prices and the appreciation of the yen, which also reduced their oil import bills.

Electric Constructions moved up on the same report, which said that Utilities are expected *to spend about 1 trillion yen* on improving plant and equipment in an attempt to spur domestic *demand in the next* two years.

Speculators continued to remain in the market, sending stocks like Japan Air Lines up 370 points to 12,870.

Blue Chip Electricals were weaker.

Despite the strength of share prices throughout the week, traders remained unenthusiastic. They said there was *too much* uncertainty about domestic economic growth, trade friction and the appreciation of the yen against the dollar to allow share prices to take a particular direction.

They also said that institutional participation in the *market* was weaker in the session, reflecting Fund Managers' concern about the uncertainties in the Tokyo market, which appear unlikely to go away for some time.

HONG KONG

Higher in light *volume on the* last day of trading before the Chinese Lunar New Year holidays. The market will reopen next Wednesday.

The Hang Seng index gained 14.37 to 1734.04. Turnover HK$128.10m (HK$142.88m).

Brokers attributed the uptrend to bargain-hunting.

SINGAPORE

Sellers again caused share prices to fall slightly over a broad front in quiet trading. But *most operators were sidelined* and unwilling to trade ahead of the long Chinese New Year *holidays. The market will reopen* on February 12.

The Straits Times Industrial *index lost 2.87 to 611.33. Declines* outnumbered advances 68-to-45. Turnover 5.1m (9.1m) shares.

Brokers said the liquidation of Pan-Electric Industries was largely discounted, but the market outlook will remain uncertain until the outcome of Malaysian businessman Tan Koon Swan's case in connection with the company.

Hotels, Properties and Commodities were a shade lower.

AUSTRALIA

Firmer, following Wall *Street's* recent gains and stronger world gold prices.

The All Ordinaries index gained 25 to 1069.4, the All Resources 2.4 to 646.3, the All Industrials 3.6 to 1621, and the Gold index 2.7 to 943.9.

Turnover 50.09m shares, worth A$85.79m. Rises outnumbered falls 251 to 170.

Traders said the higher prices were a result of some offshore demand for Australian industrial shares. Gold and Base Metals benefited from gains in international bullion prices.

BHP were *down* 2 cents at A$7.18, which is well below Holmes à Court's bid of A$7.70 a share. But Bell Group rose 5 cents to A$7 and Bell Resources 20 cents to A$5.10.

Rupert Murdoch's News Corporation held unchanged at A$12.5. The shares have increased more than A$3 in two weeks due to expectations of sharply higher profits *from* its success against print unions in London.

Rothmans were 50 cents up at $7.00 on news of a good profit result.

Elsewhere, Banks were mixed.

GERMANY

Mixed in generally quiet dealings.

The Commerzbank index gained 6.5 to 2,031.1.

Shares of electrical issue AEG and Siemens, as well as Blue Chip Chemicals, drew most attention during the session.

Machinery and Steels closed generally lower, while other sector were mixed.

After leading the gainers early in the week, Motors fell prey to heavy profit-taking Thursday and again late in the *session* Friday. BMW lost a hefty DM 16 to 600, while Daimler-Benz shed DM 5 to 1,348 and Volkswagen DM 4 to 543.

The late session sell-off also blunted, or reversed, early gains in Chemicals to leave shares mixed overall. BASF gained DM 2 to 283.

The weakening dollar crippled *the export-dependent machinery* section as GHH lost DM 1.50 to 245.

Commerzbank dipped DM 1.50 to 299.50, or one mark below the issuing price for new shares offered *in the bank's latest* capital increase.

PARIS

Higher across a broad front in active trading. Observers said *investors* had been encouraged by the recent strong gains on Wall Street.

Advances led declines by 120-to-55. Advancing shares predominated in practically all sectors, although there was some selective selling of oil shares.

CANADA

Stock	Feb. 6	Feb. 5
AMCA Intl	17⅝	17⅜
Abitibi	21¼	22⅜
Agnico Eagl	23	25
Alberta Energy	13⅞	13⅝
Alcan Aluminium	44⅛	43⅞
Algoma Steel	19½	19½
Bank Montreal	30⅛	30⅜
Bank Nova Scotia	12⅝	12⅞
BCE	37⅝	37¼
Bombadier A	15⅝	15⅞
Bow Valley	12⅛	12
BP Canada Res	29	29¼
Brascan A	40	39⅞
Brinco	0.49	0.50
B. C. Forest	12⅝	12¾
Cilinc	30⅝	30¼
CadillacFairview	14½	14½
Campbell Red L.	28¾	28¾
Can. Cement Pt.	13	12½
Can. NW Energy	17	16⅞
Can. Packers	34¼	34½
Can. Trustco	41⅞	41½
Can. Imp. Bank	21⅛	20½
Can. Pacific	18	18⅛
Can. Tire C	12⅜	13¾
Canfor	11¾	11⅞
Carling O'Kfe	12	12
Chieftain	9⅞	10⅝
Cominco	11⅞	11½
Conigas Mines	4.70	4.70
Cons. Bathst. A	23⅞	22¾
Coremark Int.	6⅛	5⅛
Costain	10¾	10½
Denison Mines A	11	10⅞
Dofasco Inc.	26⅝	26¼
Dome Mines	14⅜	14⅞
Dome Petroleum	2.47	2.51
Domtar	25⅞	25
Falconbridge	23⅛	22⅝
Fed. Inds. A	13⅝	13
Gendis A	34¼	34
Genstar	36½	35⅝
Giant Y'knife	21½	22
Gt. West Life	5.00	5.00
Gulf Canada	19⅝	20
Hawker Sid. Can.	22¼	22¼
Hudson's Bay	25⅝	25¼
Husky Oil	8½	8¼
Imasco	26⅞	27¼
Imperial Oil A	43⅛	42¼
Inco	20⅜	20⅜
Indal	20⅛	20¼
Interprov. Pipe	38⅛	38⅛
Labatt (John)	33½	33⅛
Lac Minerals	35⅛	33½
Loblaw	23¼	22¾
Macmil Bloedel	25½	26½
Marks & Spencer	14½	14⅝
Massey Ferguson	2.95	3.00
McIntyre Mines	43⅜	43½
Mitel Corpn.	7⅛	7⅛
Molson A	21	21⅛
Moore Corp.	28⅞	28⅛
Nat. Bank Can.	23¾	23⅛
Nat. Sea Prods A	—	—
Noranda Inc.	16⅛	16
Norcen Energy	14	14
Nth. Telecom	37⅝	35½
Nova Alberta	6½	6¼
Numac Oil & Gas	10⅜	10½
Oakwood Pet.	6⅜	6⅛
Pan Can Pet	27½	26¾
Placer Dev.	24½	24
Power Corp.	24¼	23½
QuebecSturgeon	4.30	4.10
Ranger Oil	4.30	4.35
Reed Stenh'se A.	51	51⅛
Rio Algom	24¼	24½
Royal Bank Can.	30⅜	30
Royal Trust A	23¾	23
Sceptre Res	3.40	3.25
Seagram	65⅜	65½
Sears Can. Inc	12¼	12
Shell Can. A	21⅜	20¾
SHL Systemh'se	15⅜	15¾
Stelco A	24⅝	25
Teck B	19¼	18⅞
Texaco Canada	25¾	25
ThomsonNews A	25¾	25¼
Toronto Dom. Bk	23⅞	23⅝
Transalta A	26¼	26⅜
Trans. Can. Pipe	19	19
Walker Hiram	27⅞	27⅛
W. Coast Trans	14¾	14⅞
Weston (Geo)	110	108

AUSTRIA

Feb. 7	Price Sch%	+ or —
Credit'nst'lt pp *	2,375	−6
Goesser *	3,700	....
Interunfall *	13,800	....
Jungbunzlauer *	41,000	....
Laenderbank *	2,090	−10
Perlmooser	700	+10
Steyr Daimler	161	+1
Veitscher Mag *	9,500	+50

GERMANY

Feb. 7	Price Dm.	+ or —
AEG	303	+4.75
Allianz Vers	2,235	−15
BASF	283	+8
Bayer	294.0	−0.3
Bayer-Hypo	566	....
Bayer-Verein	508	−8
BHF-Bank	500	−1
BMW	600	−16

NORWAY

Feb. 7	Price Kroner	+ or —
Bergens Bank	167	+1.5
Borregaard	430	+2.5
Christiania Bank	172.5	....
DenNorske Cred	173	+0.5
Elkem	110	+12
Kosmos	165	+2.5
Kvaerner	167.5	+3.5
Norcem	148.5	+3.5
Norsk Data	453	+38
Norsk Hydro	137.5	....

AUSTRALIA (continued)

Feb. 7	Price Aust.$	+ or —
Gen. Prop. Trust	2.22	−0.01
Hardie (James)	3.55	....
Hartogen Energy	1.85	....
Herald W'yTimes	5.64	+0.02
ICI Aust	2.23	−0.07
Jimberlana F.P.	0.22	....
Kia Ora Gold	0.17	....
Kidston Gold	5.9	−0.08
Lend Lease	6.64	−0.12
MIM	2.92	+0.04

JAPAN (continued)

Feb. 7	Price Yen	+ or —
MHI	361	+1
Mitsui Bank	972	+12
Mitsui	407	−4
Mitsui Estate	1,000	+5
Mitsui Toatsu	215	+1
Mitsukoshi	620	+10
NGK Insulators	926	+2
Nikko Sec	680	....
Nippon Denso	1,350	−10
Nippon Elect	1,290	−10

Stock	Feb. 6	Feb. 5
Centex	26⅜	25¾
Central & SW	28⅜	29
Certain-Teed	4⅜	3⅝
Cessna Aircraft	29½	29⅜
Champ HomeBld	1⅞	1¾
Champ Int	26¾	26½
Champion Spark	10¾	10
Charter Co.	2⅜	2½
ChaseManhatt'n	71½	70½
Chemical NY	42⅞	41⅝
Chesebr'ugh P.	41	41½
Chevron	34½	34¼
Chicago Pneum.	21¾	22½
Chrysler	47⅞	46¼
Gerber Prod	39¼	38¼
Gillette	75½	77½
Global Marine	0⅞	0⅞
Goodrich (B.F.)	37	37⅛
Goodyear Tire	33½	33⅜
Gould	28¾	28¾
Grace	51	50¼
Grainger (WW)	42⅛	42
Gt. Atl. Pac. Tea	21⅜	21¼
Gt. Nthn. Nekoo.	46⅛	45
Gt. West Financl	39½	39
Greyhound	32¼	32¾
Grow Group	10⅞	10¾
Grumman	27	27½
Gulf & Western	51⅛	51½
Gulf States Utl.	14⅞	14¾
Mesa Pet. (W.L.)	21½	23⅛
Micom Systems	20¾	21
Midcon	67⅝	66⅜
Mid Sth Util	12	11⅞
Millipore	51¼	49⅜
Minnesota Mine	93½	92¾
Mitchell Energy	11½	11⅝
Mobil	28¾	28⅝
Mohasco	32⅛	32
Molex	40	39¼
Monarch M/T	16½	16¾
Monolithic Mem	18⅞	17⅜
Monsanto	49⅜	49½
Moore McCm'ck	22⅞	22¾
Morgan (J.P.)	62½	61½
Morrison Knud	42	43
Royal Dutch	61½	6⅜
Rubbermaid	35½	35⅜
Ryan Homes	30	29¾
Ryder System	36⅞	36⅜
Rymer	15½	15⅞
SPS Tech	34⅝	34½
Sabin Corp.	15	15
Safeco	53⅝	53⅛
Safeway Stores	36¾	36¼
St. Paul Cos.	92¾	92¾
Sanders Assoc.	35⅞	36
Santa Fe SPac	37⅝	37
Sara Lee	52⅛	53⅛
Saul Investment	17½	17½
Schering Plough	64¼	63¾
White Cons	34⅝	34
Whittaker	20⅛	18⅞
Willamette Inds.	55¼	54½
Williams Co.	23⅝	23½
Winn-Dixie Str	36⅞	37½
Winnebago	14¾	15
Wisc Elec Power	41¾	41¾
Woolworth	65¼	65⅛
Worthington	23⅞	24¼
Wrigley	94¾	93¼
Xerox	64⅛	64
Yellow Frt Sys	32⅞	32⅝
Zapata	5⅜	5⅜
Zayer	64	64¾
Zenith Elect.	18⅜	18⅝
Zero	22¾	22⅜

NEW YORK INDICES

DOW JONES	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Jan. 31	1985-86 High	1985-86 Low	Since Cmp'n High	Since Cmp'n Low
● Industri'ls	1600.69	1593.12	1593.23	1594.27	1570.99	1600.69 (6/2/86)	1184.96 (4/1/85)	1600.69 (6/2/86)	41.22 (2/7/32)
H'me Bnds.	85.19	85.19	85.11	84.74	84.25	85.19 (6/2/86)	72.72 (20/3/85)	—	—
Transport.	756.65	753.44	755.22	756.29	748.46	756.65 (6/2/86)	553.03 (4/1/85)	756.65 (6/2/86)	12.32 (8/7/32)
Utilities	176.04	175.85	176.45	178.14	176.91	179.08 (7/1/86)	146.54 (4/1/85)	179.08 (7/1/86)	10.5 (28/4/42)

●Day's High 1616.51 (1601.85) Low 1587.50 (1576.26)

STANDARD AND POORS	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Jan. 31	1985-86 High	1985-86 Low	Since Cmp'n High	Since Cmp'n Low
Composite ‡	213.47	212.96	212.79	213.96	211.78	213.96 (3/2/86)	163.68 (4/1/85)	213.96 (3/2/86)	4.40 (1/6/32)
Indust'ls	235.35	234.71	234.39	235.82	233.28	237.02 (7/1/86)	182.24 (4/1/85)	237.02 (7/1/86)	3.62 (30/6/32)
Financials	26.94	26.87	26.88	26.92	26.63	26.94 (6/2/86)	18.57 (4/1/85)	26.94 (6/2/86)	8.64 (2/10/74)
N.Y.S.E. COMPOSITE	123.14	122.76	122.72	123.29	122.13	123.29 (3/2/86)	94.60 (4/1/85)	123.29 (3/2/86)	—
AMEX MKT. VALUE	243.71	241.46	240.30	243.08	243.87	249.83 (7/1/86)	202.06 (8/1/85)	249.83 (7/1/86)	29.13 (9/12/74)
NASDAQ OTC COMP.	340.76	338.85	337.88	337.46	335.77	340.78 (6/2/86)	245.91 (2/1/85)	340.78 (6/2/86)	54.874 (3/10/74)

DIVIDEND YIELDS	Jan. 31	Jan. 24	Jan. 17	Jan. 10	year ago (approx)
Dow Industrial	4.01	4.16	4.15	4.21	4.72
	Jan. 29	Jan. 22	Jan. 15	Jan. 8	
S and P Industrial	3.44	3.53	3.46	3.46	3.81
S and P Ind P/E ratio	14.68	14.27	14.66	14.61	11.26

TRADING ACTIVITY

Volume † (Millions)	Feb. 6	Feb. 5	Feb. 4
New York	146.10	134.31	175.73
Amex	13.400	10.866	12.291
O.T.C.	119.72	105.26	125.29

New York	Feb. 6	Feb. 5	Feb. 4
Issues Traded	2,014	2,059	2,059
Rises	978	831	785
Falls	629	779	849
Unchanged	407	429	405
New Highs	232	185	277
New Lows	39	71	62

CANADA

TORONTO	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Jan. 31	1985/86 High	1985/86 Low
Metals & Minerals	2210.7	2193.5	2210.6	2267.5	2268.81	2289.6 (28/1/86)	1740.62 (31/1)
Composite	2800.9	2771.6	2782.1	2842.9	2842.96	2900.6 (31/12/85)	2348.5 (8/1/8
MONTREAL Portfolio	136.95	135.47	136.47	139.51	139.28	142.07 (17/12/85)	117.8 (4/1/85)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Am Tel & Tel	4,038,500	21½	− ⅛
Goodyear Tire	2,482,900	33½	—
S. Wst. Air.	1,965,200	20½	−2⅛
Nat. Semicond.	1,832,600	14	− ½
Sears Roebuck	1,463,400	40	+ ⅛
IBM	1,352,000	155	+ ⅛
Texas Oil Gas	1,236,200	13⅛	− ⅛
Phillips Petrlm.	1,223,500	9⅞	− ⅛

	Feb. 7	Feb. 6	Feb. 5	Feb. 4	1985-86 High	1985-86 Low
AUSTRALIA All Ord. (1/1/80)	1069.4	1066.9	1060.7	1075.6	1075.6 (4/2/86)	715.3 (7/1/85)
Metals & Minls. (1/1/80)	524.0	520.4	513.4	525.7	585.8 (28/5)	462.5 (7/1/85)
AUSTRIA Credit Aktien (2/1/62)	118.17	117.92	118.07	119.86	128.69 (15/1/86)	58.21 (24/1/85)
BELGIUM Brussels SE (1/1/58)	3027.54	2970.08	2901.82	2864.76	3027.54 (7/2/86)	2090.7 (16/1/85)
DENMARK Copenhagen SE (3/1/63)	227.81	225.90	225.49	226.53	257.76 (2/1/86)	158.44 (8/1/85)
FRANCE CAC General (3/1/80)	284.9	281.5	278.9	280.4	284.9 (28/1/86)	188.3 (8/1/85)
Ind Tendance (31/12/85)	107.8	106.5	105.4	105.4	106.2 (8/1/86)	100.0 (31/12/85)
GERMANY FAZ Aktien (31/12/58)	671.29	670.77	667.76	662.09	718.78 (15/1/86)	382.59 (3/1/85)
Commerzbank (1/12/53)	2031.1	2024.6	2015.7	1991.0	2161.8 (15/1/86)	1111.8 (3/1/85)
HONG KONG Hang Seng Bank (31/7/64)	1734.04	1719.67	1725.08	1726.81	1826.84 (6/1/86)	1220.74 (2/1/85)
ITALY Banca Comm Ital. (1972)	499.76	495.26	492.67	486.46	499.76 (7/2/86)	225.56 (2/1/85)
JAPAN** Nikkei (16/5/49)	13212.13	13186.6	13185.7	13138.1	13212.13 (7/2/86)	11545.2 (5/1/85)
Tokyo SE New (4/1/68)	1055.50	1052.19	1061.12	1047.86	1067.65 (19/7)	916.95 (4/1/85)
NETHERLANDS ANP.CBS General (1970)	255.1	255.8	256.7	258.7	267.8 (8/1/86)	166.6 (3/1/85)
ANP.CBS Indust (1970)	246.8	248.9	249.8	250.4	255.5 (17/1/86)	147.3 (3/1/85)
NORWAY Oslo SE (4/1/83)	376.86	372.26	374.10	377.24	412.88 (12/11)	268.18 (2/1/85)
SINGAPORE Straits Times (30/12/66)	611.33	614.20	613.20	617.51	862.66 (7/5)	588.41 (25/1/86)
SOUTH AFRICA JSE Gold (28/9/78)	—	1208.8	1258.5	1258.1	1307.9 (27/1/86)	829.5 (5/6)
JSE Indust (28/9/78)	—	1081.8	1086.9	1092.1	1112.8 (8/1/86)	787.1 (7/5)
SPAIN Madrid SE (30/12/85)	110.06	110.04	110.28	111.84	115.11 (20/1/86)	100.0 (30/12/85)
SWEDEN Jacobson & P (31/12/58)	1840.60	1812.88	1785.66	1795.30	1987.25 (9/1/86)	1286.32 (9/7)
SWITZERLAND Swiss BankCpn (31/12/58)	584.1	584.0	585.8	584.1	625.5 (9/1/86)	388.7 (3/1/85)
WORLD M.S. Capital Intl. (1/1/70)	—	262.9	261.6	260.1	262.9 (7/2/86)	184.8 (4/1/85)

** Saturday February 1: Japan Nikkei 13,043.61. TSE 1,044.33.

Base value of all indices is 100, except: Brussels SE—1,000; JSE Gold—255.7; JSE Industrial 264.3; Australia All Ordinary and Metals—500; NYSE Composite—50; Standard and Poors—10, and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed.

Feb. 7	Price Frs.	+ or —
Peugeot S.A.	725	+25
Printemps (Au.)	426.5	−7.5
Radiotech	469	+46
Redoute	1,949	+49
Roussel-Uclaf	1,445	+35
Safimeg	408	−1
Skis Rossignol	1,181	−19
Telemec Elect	2,675	+35
Thomson (CSF)	975	−2
Valeo	483	+18

Feb. 7	Price Fls.	+ or —
Rodamco	134.2	+0.2
Rolinco	74.4	+0.2
Rorento	47.4	+0.1
Royal Dutch	167.8	+2.8
Unilever	384.0	+3.5
VMF Stork	292	−5.7
VNU	285	−4
Wessanen	255.5	−1.0
West Utr Bank	79	+

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights.

Feb. 7	Price Aust.$	+ or —
Bell Group	7.00	+0.05
Bell Res.	5.1xc	+0.2
Bond Corp Hldgs	2.29	+0.04
Boral	3.5	−0.05
Bougainville	2.17	....
Brambles Inds	4.9	....
Bridge Oil	2.00	....
BH Prop.	7.18xc	−0.02
CRA	5.66	+0.06
CSR	3.48	+0.05
Claremont Pet	1.1	....
Coles (G.J.)	4.6	−0.02
Comalco "A"	1.87	+0.02
Consolidated Pet	0.22	....
Costain Aust	2.2	....
Elders IXL	3.4	−0.1

Feb. 7	Price Yen	+ or —
Kirin	823	+17
Kobe Steel	153	+1
Komatsu	486	....
Konishiroku	700	−10
Kubota	342	....
Kumagai	771	+1
Kyocera	4,800	....
Marubeni	319	−3
Marui	1,670	+10
Mazda Motors	385	+1
Meiji Seika	650	....
MEI	1,360	+20
M'bishi Bank	1,460	....
M'bishi Chem	517	+2
M'bishi Corp	599	....
M'bishi Elect	344	−8

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CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar and pound improve

The dollar improved in currency markets yesterday helped by a fall in US unemployment. The market interpreted the figures as an indication that US econome growth was proceding satisfactorily and that the need for a cut in the US discount rate had diminished. The ruling by a US court that part of the Gramm-Rudman balanced budget law was unconstitutional caused some confusion but had been expected.

The immediate implications for the dollar could have been bullish since the rejection of balanced budget proposals would require further significant fund-raising, so putting upward pressure on interest rates. However, the longer-term implications were cause for concern and, although firmer on the day, the dollar finished below its best level. Trading volume was a little below average ahead of the weekend, with the Chinese new year and holidays in some European centres inhibiting volume.

The dollar touched a best level of DM 2.4135 against the D-mark before finishing at DM 2.4020 still up from DM 2.3915 on Thursday. It was also firmer against the yen at Y190.85 compared with Y190.45. Elsewhere it rose to SFr 2.0285 from SFr 2.0240 and FFr 7.36 compared with FFr 7.3250. On Bank of England figures, the dollar's exchange rate index rose from 122.7 to 123.3.

Sterling finished at its best level of the week helped by a firmer trend in oil prices. An emergency meeting of Opec ministers on March 15 increased speculation about the possibility of some settlement on quota levels although UK authorities have so far appeared quite determined not to restrict the flow of North Sea oil. Sterling's exchange rate index rose to 74.4 at the close, having opened at 73.8 compared with Thursday's close of 73.9.

Against the dollar it was barely changed at $1.3990-1.4000, a rise of just 5 points but was much stronger against the D-mark at DM 3.3625 from DM 3.3450 and FFr 10.30 compared with FFr 10.2475. It was higher in terms of the yen at Y267.0 from Y266.50 and SFr 2.84 from SFr 2.8325.

£ IN NEW YORK

Latest	Feb. 7	Prev. close
£ Spot	$1.3960-1.3975	$1.3950-1.3970
1 month	0.52-0.49pm	0.53-0.51pm
3 months	1.58-1.55pm	1.63-1.60pm
12 months	5.12-5.00pm	5.40-5.32pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Feb 7	Previous
8.30 am	73.8	73.7
9.00 am	74.0	73.7
10.00 am	74.2	73.5
11.00 am	74.2	73.5
Noon	74.4	73.5
1.00 pm	74.3	73.6
2.00 pm	74.4	73.5
3.00 pm	74.3	73.6
4.00 pm	74.4	73.9

CURRENCY RATES

Feb. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.791027	0.642320
U.S.$	7½	1.11140	0.903603
Canadian $	11.47	*	1.26956
Austria Sch.	4	18.7381	15.2438
Belgian Fr.	9¾	54.4974	44.3489
Danish Kr.	7	9.80469	7.97791
D'mark	4	2.66424	2.16820
Guilder	5	N/A	2.44877
French Fr.	9½	8.16653	6.64600
Lira	15½	N/A	1476.13
Yen	4½	212.110	172.317
Norway Kr.	8	N/A	6.72326
Span'h Pta.	—	N/A	136.309
Swedish Kr.	9½	N/A	6.80278
Swiss Fr.	4	N/A	1.83206
Greek Drch	20½	N/A	132.460
Irish Punt	—	N/A	0.715725

* C$/SDR rate for Feb 6: 1.56632.

CURRENCY MOVEMENTS

Feb. 7	Bank of England Index	Morgan Guaranty Change %
Sterling	74.4	−17.2
U.S. dollar	123.3	−13.5
Canadian dollar	78.5	−12.3
Austrian schilling	123.0	+6.5
Belgian franc	93.2	−8.6
Danish Kroner	83.9	−2.3
Deutsche mark	132.1	+12.9
Swiss franc	151.7	+12.8
Guilder	121.6	+7.7
French franc	70.8	−10.7
Lira	45.3	−18.5
Yen	185.3	+55.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCEIS

Feb. 7	£	$
Arg'tina	1.1196-1.1819	0.8000-0.8010
Aus'alia	2.0120-2.0160	1.4365-1.4380
Brazil	17,633-17,737	12,600-12,665
Finland	7.6010-7.6240	5.3575-5.3595
Greece	202.82-207.16	145.18-148.22
H'kong	10.9180-10.9266	7.8025-7.8045
Iran	114.20*	83.60*
Kuwait	0.4005-0.4010	0.28608-0.28648
Lux'burg	68.80-68.90	49.15-49.25
M'lay'sa	3.4450-3.4620	2.4630-2.4650
N'Z'land	2.6385-2.6485	1.8760-1.8815
Saudi Ar.	5.1065-5.1145	3.6513-3.6517
Sin'pore	2.9840-2.9910	2.1330-2.1350
S.Af. (Cm)	2.9735-2.9800	2.1255-2.1300
S.Af. (Fn)	4.0845-4.2075	2.9195-3.0075
U.A.E	5.1585-5.1465	3.6715-3.6735

* Selling rate. † Corrections (Feb 5):

POUND SPOT—FORWARD AGAINST POUND

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.3980-1.4105	1.3990-1.4000	1.53-0.50c pm	4.42	1.60-1.55pm	4.50
Canada	1.9614-1.9782	1.9635-1.9677	0.17-0.06c pm	0.70	0.65-0.48pm	1.15
Nethlnd.	3.78-3.81½	3.80½-3.81½	2½-1⅞c pm	6.30	5½-5¼pm	6.89
Belgium	68.43-69.02	68.80-68.90	14-5c pm	1.66	29-16pm	1.31
Denmark	12.30½-12.41½	12.40½-12.41½	5½-4⅝ore pm	4.59	14⅞-13⅞pm	4.53
Ireland	1.1025-1.1173	1.1136-1.1146	0.50-0.16p pm	3.55	1.53-1.62pm	5.65
W. Ger.	3.34½-3.37¾	3.35¾-3.36¾	2¾-2pf pm	7.58	6¾-6¼pm	7.96
Portugal	215⅝-219¾	216¾-218¾	270-625c dis	−24.69	585-1565dis	−19.77
Spain	210.45-211.56	211.60-211.90	35-5c pm	1.13	par-115dis	−1.09
Italy	2275¾-2296¾	2282½-2283½	9-13 lire dis	−5.78	32-38dis	−6.13
Norway	10.36¾-10.45¾	10.41½-10.42½	par-⅞ore dis	−0.50	1½-2½dis	−0.67
France	10.25¾-10.34½	10.29½-10.30½	⅞-⅛c pm	0.58	6½-8½dis	−2.84
Sweden	10.50¾-10.58	10.55-10.56	1-½ore pm	0.85	3¾-2¾pm	1.14
Japan	266¼-268	266½-267½	1.49-1.37y pm	7.56	4.33-4.14pm	7.46
Austria	23.45-23.69	23.54-23.58	12¾-9¾gro pm	5.32	36-31½pm	5.73
Switz.	2.82¾-2.85¾	2.83½-2.84½	2-1⅞c pm	8.19	6¾-5⅞pm	8.45

Belgian rate is for convertible francs. Financial franc 69.60-69.70. Six-month forward dollar 3.00-2.95c pm. 12-month 5.25-5.10c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3980-1.4105	1.3990-1.4000	0.53-0.50c pm	4.42	1.60-1.55pm	4.50
Ireland†	1.2535-1.2653	1.2565-1.2580	1.15-0.68c pm	8.69	3.55-2.28pm	9.23
Canada	1.4055-1.4080	1.4055-1.4065	0.42-0.46c dis	−3.76	1.16-1.23dis	−3.40
Nethlnd.	2.6960-2.7230	2.7220-2.7230	0.47-0.45c pm	2.04	1.48-1.45pm	2.16
Belgium	48.94-49.25	49.15-49.25	9-14c dis	−2.81	36-43dis	−3.22
Denmark	8.80-8.87	8.86½-8.87	¼ore pm-¼dis	−0.17	¼pm-¼dis	—
W. Ger.	2.3910-2.4135	2.4015-2.4025	0.64-0.59pf pm	3.08	2.07-2.02pm	3.41
Portugal	155½-158½	156-156½	250-500c dis	−28.89	600-1300dis	−24.40
Spain	150.40-151.35	151.10-151.30	30-55c dis	−3.38	170-225dis	−5.24
Italy	1628-1638	1631-1632	13-14 lire dis	−9.93	44-46dis	−11.03
Norway	7.42½-7.45¾	7.43½-7.44½	2⅞-3¼ore dis	−4.95	9½-10½dis	−5.32
France	7.33-7.38½	7.35¾-7.36¾	2½-3c dis	−4.49	13-14½dis	−7.49
Sweden	7.52-7.55	7.54-7.54½	2⅛-2½ore dis	−3.59	6¼-6¾dis	−3.46
Japan	190.30-191.15	190.80-190.90	0.30-0.27y pm	1.79	0.89-0.85pm	1.83
Austria	16.82-16.95	16.90-16.93	2¼-1½gro pm	1.38	6¼-3¼pm	1.19
Switz.	2.0200-2.0370	2.0280-2.0290	0.68-0.63c pm	3.88	2.08-2.03pm	4.06

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.70-49.80.

EURO-CURRENCY INTEREST RATES

Feb. 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	12⅝-12¾	12½-12¾	12¾-12⅞	12¾-12⅞	12¾-12⅞	12½-12⅝
U.S. Dollar	7¾-7⅞	7¾-7⅞	7⅞-8	8-8⅛	8-8⅛	8⅛-8¼
Can Dollar	11½-12	11¾-12	11 9/16-11 11/16	11⅛-11¼	10 11/16-10 13/16	10⅛-10⅜
D Guilder	5½-5⅝	5 7/16-5 9/16	5 7/16-5 9/16	5 7/16-5 9/16	5 7/16-5 9/16	5¾-5⅞
Sw. Franc	1¾-2	1⅝-1⅞	3⅛-3⅜	3 7/16-4 1/16	4-4⅛	4⅛-4¼
Deutschmrk	4 1/16-4 3/16	4 1/16-4 3/16	4 3/16-4 5/16	4½-4⅝	4½-4⅝	4 5/16-4 7/16
Fr. Franc	8¾-9	9-9½	12⅛-12¾	15⅝-15⅞	13½-13¾	12-12½
Italian Lire	13⅛-15½	15½-17½	17¾-19¼	18⅝-19⅝	17-17½	15¾-16⅝
B.Fr.(Fin)	8¾-9	9⅛-9⅝	9⅝-9⅞	9¾-10	9½-9¾	9¼-9½
B.Fr.(Con)	8¾-9	9⅛-10¼	10¼-11	10⅞-11⅝	10¼-10¾	9½-10
Yen	5⅞-6	5 13/16-5 15/16	6 1/16-6⅛	6⅛-6¼	6-6 1/16	6-6⅛
D. Krone	8⅛-8⅞	8¼-8¾	8½-9	8¾-9¼	9⅛-9⅝	9⅛-9⅜
Asian $ (Sng)	7¾-7⅞	7¾-7⅞	7 15/16-8 1/16	7 15/16-8 1/16	7 15/16-8 1/16	8⅛-8¼

Long-term Eurodollars: two years 8¼-8⅜ per cent; three years 8⅝-8¾ per cent; four years 9⅛-9¼ per cent; five years 9¼-9⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

EXCHANGE CROSS RATES

Feb. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.400	3.363	267.0	10.30	2.840	3.810	2283.	1.968	68.85
$	0.715	1.	2.402	190.9	7.360	2.029	2.723	1632.	1.405	49.20
DM	0.297	0.416	1.	79.41	3.063	0.845	1.133	679.0	0.585	20.48
YEN	3.745	5.242	12.59	1000.	38.58	10.64	14.27	8551.	7.362	257.9
F Fr.	0.971	1.359	3.265	259.2	10.	2.757	3.699	2217.	1.908	66.84
S Fr.	0.352	0.493	1.184	94.01	3.627	1.	1.342	803.9	0.692	24.24
H Fl.	0.262	0.367	0.883	70.08	2.703	0.745	1.	599.2	0.516	18.07
Lira	0.438	0.613	1.473	117.0	4.512	1.244	1.669	1000.	0.861	30.16
C $	0.509	0.712	1.711	135.8	5.240	1.445	1.938	1161.	1.	35.03
B Fr.	1.452	2.033	4.884	387.8	14.96	4.125	5.534	3316.	2.855	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

UK rates show little change

Interest rates showed little change in London yesterday in rather featureless trading. Sterling's firmer trend helped to reduce any residual tension following the recent fall in oil prices, although the market appeared to lack any clear direction. Three-month interbank money was unchanged at 12¾-12⅞ per cent while three-month eligible bank bills were bid at 12⅜ per cent compared with 12 11/32 per cent. Weekend interbank money was cheaper but only towards the end of the day as funds only appeared late on, despite the Bank of England's generous assistance. Weekend money touched 13¼ per cent before finishing at 8 per cent.

UK clearing banks base lending rate 12½ per cent since January 9

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £408m and Exchequer transactions a further £60m. There was also a rise in the note circulation of £255m and banks brought forward balances £120m below target. To help alleviate the shortage, the Bank offered an early round of assistance which totalled £455m through sale and repurchase agreements at 12 13/16-12¾ per cent, unwinding on February 11.

The shortage was revised to a shortage of £800m before taking into account the early help and the Bank gave additional assistance in the morning of £81m. This comprised purchases of £10m of eligible bank bills in band 1 at 12⅞ per cent, £46m in band 2 at 12 13/16 per cent, £9m in band 3 at 12¾ per cent and £16m in band 4 at 12 11/16 per cent.

In the afternoon further assistance of £304m was given through outright purchases of £49m of eligible bank bills in band 1 at 12⅞ per cent and £255m in band 2 at 12 13/16 per cent. The Bank also gave late assistance of £5m, making a total of £844m.

The £100m of bills on offer at the weekly Treasury bill tender attracted bids of £357m and all bills offered were allotted. The minimum accepted price was £96.98 and bids at that level were met as to about 68 per cent and above in full. The average rate of discount rose by 0.0039 per cent to 12.1006 per cent. Next week a further £100m will be on offer, replacing a similar amount of maturities.

In Frankfurt the Bundesbank announced its intention to invite tenders for a 27-day sale and repurchase agreement at a fixed rate of 4.5 per cent. Results of the tender will be made known next Wednesday and successful applicants will be credited with the funds on Thursday. The Bundesbank's announcement came a little earlier than expected but served to underline the authorities' apparent determination to keep domestic interest rates steady.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 7)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

MONEY RATES

Feb. 7	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.4-4.5	4.25-4.40	4.45-4.55	4.45-4.60	4.50-4.65	5.5
Paris	8⅞	8 15/16-9 1/16	8 15/16-9 1/16	8 15/16-9 1/16	9-9⅛	8¾
Zurich	⅞-1⅛	3¾-3⅞	—	3 11/16-3 13/16	—	—
Amsterdam	5 7/16-5⅝	5 7/16-5 9/16	—	5 7/16-5 9/16	—	—
Tokyo	5.78125	5.96875	—	6.03125	—	—
Milan	16⅛-16½	15¾-17⅛	—	15⅝-16	—	—
Brussels	5.55	9¾-9 13/16	—	9¾-9 13/16	—	—
Dublin	—	—	—	—	—	—

LONDON MONEY RATES

Feb. 7	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-13⅛	12⅝-12⅞	12 13/16-12⅞	12¾-12⅞	12 11/16-12 13/16	12½-12⅝
Sterling CDs	—	—	12 13/16-12 11/16	12 13/16-12¾	12½-12⅝	12⅜-12½
Local Authority Depos	12⅝-12¾	12⅝-12¾	12¾	12¾	12⅝	12½
Local Authority Bonds	—	—	13⅛	13⅛	13⅛	12⅝
Discount Mkt Depos	10-12	12-12¼	12½	12½	—	—
Company Depos	11½-13	13	13	13	—	—
Finance Hse Depos	—	—	12¾	12 13/16	12 11/16	12⅝
Treasury Bills (Buy)	—	—	12⅝	12⅛	—	—
Bank Bills (Buy)	—	—	12⅝	12¼	12 3/16	—
Fine Trade Bills (Buy)	—	—	13	12¾	12 7/16	—
Dollar CDs	—	—	7.80-7.85	7.80-7.85	7.85-7.9	8.1-8.15
SDR Linked Depos	—	—	7 11/16-8 3/16	8⅜-8⅝	8⅛-8⅜	8-8¼
ECU Depos	—	—	10-10⅛	10¼-10⅜	9¾-9⅞	9¼-9⅜

Treasury Bills (sell): one-month 12¼ per cent; three-months 12 3/32 per cent. Bank Bills (sell): one-month 12¼ per cent; three-months 12 3/32 per cent. Treasury Bills; Average tender rate at discount 12.0967 per cent. ECGD Fixed Finance Scheme IV reference date January 8 to February 4 (inclusive): 13.077 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from February 1 1986. Bank Deposit Rates for sums at seven days' notice 6¼-6¾ per cent. Certificates of Tax Deposits (series 6). Deposits £100,000 and over held under one month 12 per cent; one-three months 12¾ per cent; three-six months 12¾ per cent; six-nine months 12½ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from January 14. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7½ per cent.

COMMODITIES AND AGRICULTURE

Bulls return to the coffee market

THOSE LONDON traders who remained determinedly bullish about the medium term prospects for coffee prices throughout the recent heavy fall will have been relieved to see the market bounce off the bottom this week.

The decline continued early on, taking the May position down to £2,175 a tonne on Tuesday, fully £1,000 below the peak to which it was driven a month ago by deepening concern about the effects of last year's four-month Brazilian drought on the country's 1986-87 crop potential. But within two days the price had rallied by £370 a tonne, before it was trimmed back by nervous profit-taking on Thursday afternoon. The uptrend was resumed yesterday, however, when a £67.50 rise left May coffee £205 up on the week at £2,502.50 a tonne.

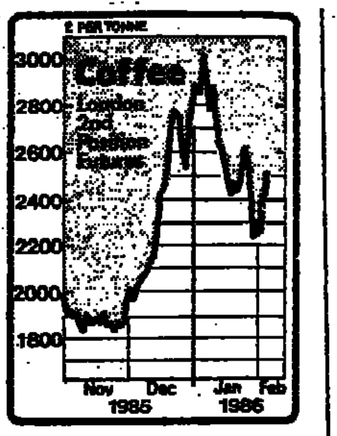
This week's rally has been seen generally as the long-foretold reaction against the preceding fall. But it was also influenced by a report from a Brazilian broker following a tour of the country's drought-hit coffee belt. He forecast the 1986-87 crop at 13.15m bags (60 kilos each) below recent trade estimates and well down from the 16.7m bags predicted in the last official assessment from the Brazilian Coffee Institute. Brazil's 1985-86 crop is put at 32.6m bags.

Traders are currently cautious about the prospects for a sustained rally in coffee prices. A period of consolidation is likely, most agree. But, with the Brazilian frost season looming, nobody is ruling out a rise that could take the market back to and beyond its January peak. The boldest among the bulls see this as inevitable and confidently predict the eventual breaching of the £4,200 record reached in the aftermath of Brazil's 1975 frost disaster.

On the cocoa futures market meanwhile, uneasiness about next week's International Cocoa Agreement (ICA) talks kept the recent price slide going and the May position ended £60 down at £1,674.50 a tonne—the lowest level since early December.

The tin crisis has done little to encourage hopes that ICA members can succeed in negotiating an effective price supporting agreement and there seems a real possibility that the pact's *100,000 tonnes buffer stock may* have to be liquidated. It is this possibility that has been weighing heavily on the cocoa market.

Given the recent state of the London soft commodity scene (coffee excepted of course) the launching of a new contract might be seen as a triumph of optimism over experience. But this has not daunted the London Meat Futures Exchange, which yesterday began trading London's first beef futures contract alongside its existing pigmeat and live pigs contracts — neither of which has exactly set the world alight. But the new contract defied the Jonahs and got off to an encouragingly lively start. At 235 lots (each representing 20 sides) turnover was higher than most people expected and well ahead of pigmeat's 64 lots (20 carcases each). April beef opened at 180p a kilo and traded up to 184.40p by the close.



Regular quotations for beef futures will begin in the Financial Times on Tuesday, along with two other new contracts — tanker freight rates and early potatoes.

Hopes that the London Metals Exchange's stable of base metals might be back to full strength before too long were given a boost yesterday when signs appeared of real progress towards a solution of the four-month old tin crisis. Offers of extra cash contributions to the rescue package by the International Tin Council and the UK Government ellicited a more hopeful response from the ITC's creditors and the LME said trading in tin — suspended on October 14 when the ITC announced it had run out of cash for its market support operation — might resume in mid-March if the rescue plan is agreed.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985/86 High	1985/86 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1180/1200	—	$1160/1180	$1240/1280	$975/995
Antimony					
Free Market 99.6%	$2650/2700	−40	$2700/2800	$5075/5150	$2550/2650
Copper-Cash High Grade	£994.5	−14	£1247.5	£1339	£914
3 months Do. Do.	£1023.25	−14.5	£1269.75	£1331.75	£934.75
Gold per oz.	$336.5	−13.125	$299.25	$362	$284.7
Lead Cash	£258.5	−3	£339.5	£391.5	£262
3 months	£268.25	−5.25	£344.25	£353.5	£262.75
Nickel market c.i.f. 15					
Free	175/195c	−2	227/257c	252/282c	175/185c
Palladium	$97.65	−6.7	$127.25	$129.65	$92.25
Platinum per oz	$356.55	−13.45	$272.00	$378.5	$244.25
Quicksilver (76 lbs)	$220/230	+0	$295/305	$300/310	$210/230
Silver per oz	418.50p	−13.40	549.50p	576.90p	397.45p
3 months per oz.	430.55p	−13.90	566.00p	594.90p	408.10p
Tin cash	‡	—	£9940	£10,325	£8507.5
3 months	‡	—	£9922.5	£10,232.5	£8422.5
Tungsten Ind.	$55.62	+1.91	$78.27	$83.88	$63.71
Wolfram (22.04 lb)	$56/63	—	$70/74	$75/78	$53/61
Zinc cash	£440.5	−11	£755	£857.5	£372.5
3 months	£451.25	−10.25	£758.25	£855	£392.5
Producers	$660/700	—	$900	$960	$660/670
GRAINS					
Barley Futures	£117.00	−1	£115.65	£118.80	£96.00
Maize French	£145.00	+4	£148.00	£135.30	£129.50
WHEAT Futures	£119.75	−0.5	£116.30	£124.95	£96.80
SPICES					
Cloves	$4,850	−50	$4,000	$4,950	$3,200
Pepper white	$6,200	−100	$3,300	$6,700	$3,300
black	$4,200	+100	$2,550	$4,400	$2,200
OILS					
Coconut (Philippines)	$340w	−5	$745	$950	$310
Palm Malayan	$310z	−5	$565	$700	$305
SEEDS					
Copra (Philippines)	$235	—	$470	$575	$210
Soyabeans (U.S.)	$223.5z	—	$251	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures May	£1674.5	−60	£2256.5	£2,266.5	£1,657
Coffee Futures Mar	£2502.5	+275	£2,364	£3,007.5	£1487.5
Cotton Index	54.80c	+0.6	69.60c	71.95c	47.70c
Des. Coconut	†	—	£1200	£1,250	£510
Gas Oil Fut. Mar.	$173.75	−3.75	$230	$278.25	$155.5
Jute LJA BWC grade	$300	−15	$890	$945	$300
Rubber kilo	61p	+1	65p	70p	56p
Sisal No. 3L	$595	—	$650	$670	$500
Sugar (Raw)	$141.5w	+2	$114	$147.5	$82
Tea (quality) kilo	190p	+3	316p	345p	160p
(low med) kilo	112p	—	248p	255p	90p
Wooltops 64s Super	428p kilo	+8	523p Kilo	526p kilo	389p kilo

† Unquoted. (g) Madagascar. (w) February-March. (z) March.

INDICES

FINANCIAL TIMES

Feb. 7	Feb. 6	M'th ago	Yearago
—*	—*	—*	299.62

(Base: July 1 1952=100)

REUTERS

Feb. 6	Feb. 5	M'th ago	Year ago
1846.1	1850.0	1771.8	2018.3

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 6	Feb. 5	Month ago	Year ago
Spot	128.22	128.21	—	121.31
Fut.	127.04	125.40	—	125.00

(Base: December 31 1931=100)
* Not available due to suspension of tin LME

SOYABEAN MEAL

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb.	128.0-138.0	—	—
Apr.	138.0-138.3	+0.90	135.8-135.5
June	135.0-135.3	−0.10	135.0
August	135.5-131.2	−0.40	131.0
October	131.5-132.2	−0.65	132.8
Dec.	132.5-135.5	−0.75	—
Feb.	133.5-135.5	−1.00	—

Sales: 188 (840) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $141.50 (£101.00), up $4.00 (up £2.00) a tonne for February/March delivery. White sugar $175.00, up 50c.

Scattered pre-weekend short-covering kept prices steady, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	156.0-156.4	155.6-154.0	156.4-153.4
May	161.0-161.4	160.2-160.6	161.6-159.4
Aug	167.0-168.0	167.0-167.8	167.8-167.0
Oct	171.0-172.0	169.2-174.0	172.0-170.0

Sales: 957 (1,076) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £205.00 (£202.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for February 6: *Daily* price 5.35 (5.38); 15-day average 5.06 (5.00).

PARIS—(FFr per tonne): Mar 1288/1290, May 1330/1335, Aug 1360/1375, Oct 1405/1415, Dec 1430/1450, Mar 1495/1510.

ALUMINIUM

Official closing (am): Cash 794-.5 (797.5-8), three months 823-.5 (827.5-8), settlement 794.5 (798). Final Kerb close: 829-30.

Turnover: 15,400 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	804-5	+5.0	795/794
3 months	831-2	+3.75	833/823

COPPER

Official closing (am): Cash 994-.5 (1006-.5), three months 1023-4 (1036.5-7), settlement 994.5 (1006.5). Final Kerb close: 1026-.5.

Higher grade	Unoffic'l close	+ or —	High/low
Cash	994-5	−6.25	994.5 995
3 months	1023-.5	−9.5	1034/1020

CATHODES

Official closing (am): Cash 979-80 (992-4), three months 1014-6 (1027-31), settlement 980 (994).

Turnover: 34,275 tonnes. US Producer prices 67.00-72.00 cents per pound.

Cathodes			
Cash	978-81	−9.0	979/979
3 months	1013-6	−9.75	—

LEAD

Official closing (am): Cash 258-.5 (262-3), three months 268.5-9 (273-.5), settlement 258.5 (263). Final Kerb close: 267.5-8.

Turnover: 18,075 tonnes. US Spot: 18.00-20.00 cents per pound.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	258-9	+0.25	258.5/258.5
3 months	268-.5	−1.25	275/267

NICKEL

Official closing (am): Cash 2770-80 (2785-90), three months 2840-5 (2867-70), settlement 2780 (2790). Final Kerb close: 2880-5.

Turnover: 1,362 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2810-20	+35.0	2790/2770
3 months	2876-70	+9.0	2880/2840

ZINC

Official closing (am): Cash 439-40 (448-9), three months 449-50 (461.5-2), settlement 440 (449). Final Kerb close: 450-1.

Turnover: 10,600 tonnes. US Prime Western: 31.50-35.75 cents per pound.

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	440-1	−5.0	—
3 months	451-.5	−8.25	460/448

GOLD

Gold fell $1¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $336¼-336¾. The metal opened at $338¼-338¾ and briefly touched a high of $338½-339 before slipping away during the afternoon to a low of $338-338½. Trading was rather quiet and uneventful ahead of the weekend.

GOLD BULLION (fine ounce)	Feb. 7	
Close	$336¼-336¾	(£240-240½)
Opening	$338¼-338¾	(£242-242½)
M'n'g fix.	$337.90	(£240.670)
Aft'n'n fix	$337.20	(£240.685)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$337-337½	(£240¾-241)
½ Krug.	$179¼-179¾	(£128-128¼)
¼ Krug.	$91¼-91¾	(£65¼-65½)
1/10 Krug.	$37¼-37¾	(£26½-27)
Mapleleaf	$347-347½	(£247¾-248¼)
Angel	$346-348	(£247-248½)
1/10 Angel	$34-39	(£24¼-27¾)
New Sov.	$81½-82	(£58¼-58½)
½ New Sov	$48¼-48¾	(£34½-34¾)
Old Sov.	$86½-88	(£61¾-62¾)
$20 Eagle	$450-490	(£321¼-349¾)
Noble Plat	$366¾-370¾	(£261¾-264¾)

SILVER

Silver was fixed 5.5p an ounce lower for spot delivery in the London bullion market yesterday at 418.5p. US cent equivalents of the fixing levels were: spot 587.75c, down 2.25c; three-month 598.3c, down 2.2c; six-month 610.15c, down 1.55c; and 12-month 634.5c, down 0.55c. The metal opened at 422-424p (590-592c) and closed at 418½-420½p (587-589c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	418.50p	−5.50	417.5p	−2
3 months	430.55p	−5.75	430.5p	−2
6 months	443.75p	−5.45	—	—
12 months	468.90p	−5.60	—	—

LME—Turnover: 6 (32) lots of 10,000 oz.

Three months high/low 429p, final kerb 430-2p.

MEAT

Prices opened higher due to firmer physicals and light fresh buying pushed prices higher still on the close in quiet conditions, reports Eastern Capital-CCST.

Sales: 64 (33) lots of 50 carcases, 3,250 kg.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
April	103.30	102.80	103.00
June	101.20	101.00	101.00
Aug	99.80	99.20	99.80-99.10
Oct	106.00	105.90	106.00
Nov	107.50	107.50	107.50

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.04p per kg lw (+0.45). GB—Sheep 178.03p per kg est dcw (−5.16). GB—Pigs 73.63p per kg lw (+1.79).

OIL

Forward Brent prices opened firm but eased back in thin trading. Mid-February Brent sold at $18.05. Nymex WTI opened 65c up for March and traded 96c up at 1 pm EST. In the petroleum products market prompt gas oil prices were squeezed upwards on tight supply. Naphtha rose in line with gas oil in active trade. Heavy fuel prices weakened again with offers far outstripping bids—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	—	—
Arab Heavy	—	—
Dubai	14.60-14.80	—
Brent Blend	18.00-18.25*	−0.50
W.T.I. (1pm est)	17.40-17.60	+1.00
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	185-189	−1
Gas Oil	200-205	+10
Heavy fuel oil	84-85	−1.5
Naphtha	180-185	+4

* February

Turnover: 1 (2) lots of 1,000 barrels.
Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Feb.	198.50	+6.00	200.00-86.00
Mar.	173.75	+11.25	174.50-66.00
Apr.	161.75	+8.75	162.00-56.00
May	157.00	+8.00	157.00-51.50
June	154.50	+8.75	156.50-50.25
July	154.50	+8.50	156.50-50.00
Aug	157.00	+7.00	157.25-54.75
Sep	161.00	+10.25	161.00-56.00

Sales: 3,933 (9,888) lots of 5 tonnes.

CRUDE OIL—FUTURES—Brent Blend Index. $ a barrel (Close, change, business done): Index 16.44, +0.34; Mar 16.80-17.20, +0.85, 17.00; Apr 16.75-17.25; May 16.60-17.30; Jun 16.50-17.50; July 16.40-17.60.

Turnover: 1 (2) lots of 1,000 barrels.

US MARKETS

PRECIOUS METALS traded steady to firm on indications that the US economy is showing renewed strength, reports Heinold Commodities. Copper remained steady as traders await LME stock figures. Aluminium firmed on buying linked to deteriorating stock levels. Sugar remained steady on light buying linked to constructive fundamentals. Cocoa weakened on selling by producers. The high Brazilian minimum export price helped rally coffee prices sharply. Cotton gained ground on technical buying and continued uncertainty over the 1986 farm programme. Energy values rose sharply on good trade buying linked to colder weather in the North-East US. The grain complex traded mixed with speculative liquidation in maize. The soyabean complex was mixed on a general lack of interest.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	53.85	—	—	53.25
March	54.15	54.30	53.55	53.60
April	54.30	—	—	53.80
May	54.70	54.70	54.30	54.15
July	55.30	55.50	55.30	54.75
Sept	55.90	—	—	55.35
Dec	56.80	—	—	56.25
Jan	57.10	—	—	56.55
March	57.65	—	—	57.10
May	58.20	—	—	57.65

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2056	2074	2052	2076
May	2110	2130	2107	2133
July	2151	2168	2147	2173
Sept	2180	2196	2180	2203
Dec	2208	2225	2206	2230
March	2243	—	—	2245

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	230.27	233.25	222.75	219.23
May	228.00	228.00	227.50	222.00
July	232.31	232.31	231.50	226.31
Sept	234.59	234.59	233.59	228.59
Dec	237.50	237.50	237.50	231.50
March	240.83	240.83	240.40	234.83
May	243.25	243.25	242.00	237.25
July	244.25	—	—	238.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	63.60	63.50	63.45	63.65
March	63.90	63.95	63.65	63.95
April	64.20	—	—	63.80
May	64.50	64.80	64.25	64.55
July	64.80	65.10	64.60	64.80
Sept	65.05	65.25	64.80	65.05
Dec	65.55	65.55	65.35	65.55
Jan	65.70	—	—	65.70
March	66.05	—	—	66.05
May	66.40	—	—	66.40

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	59.92	59.95	59.52	59.75
May	60.27	60.43	60.05	60.22
July	57.40	57.84	57.15	57.40
Oct	49.72	49.75	49.70	48.65
Dec	48.62	48.75	48.54	48.64
March	49.45	—	—	49.48
May	49.90	—	—	49.82
July	50.12	—	—	50.05

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
March	17.65	17.85	17.00	16.45
April	17.64	17.67	17.25	16.67
May	17.75	17.91	17.35	16.91
June	17.89	18.11	17.45	17.11
July	18.10	18.29	17.50	17.29
August	18.25	18.47	17.80	17.47
Sept	18.25	18.66	17.90	17.65
Oct	18.25	18.80	18.60	17.82
Nov	18.40	18.99	18.40	17.99
Dec	18.80	19.00	18.50	18.16

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	339.5	339.8	336.0	337.4
March	340.8	339.8	339.3	338.7
April	342.5	342.8	338.8	340.4
June	346.5	346.7	343.3	344.3
August	350.7	350.0	348.0	348.4
Oct	354.9	353.8	353.2	352.5
Dec	359.2	358.8	355.3	356.7
Feb	363.7	362.0	360.8	361.0
April	367.9	—	—	365.1
June	372.4	371.8	371.8	369.5
August	377.2	373.5	373.5	374.2
Oct	382.1	—	—	379.0
Dec	387.3	—	—	384.1

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
March	55.20	55.20	52.00	50.20
April	50.72	50.72	50.30	48.72
May	49.45	49.45	48.50	47.45
June	48.62	48.62	48.30	46.62
July	48.45	48.45	48.45	46.45
August	49.08	49.08	48.10	47.08
Sept	49.75	—	—	47.75
Oct	50.40	50.40	50.40	48.40
Nov	51.30	—	—	49.30
Dec	52.30	52.30	52.30	50.30

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	91.10	93.00	89.10	92.20
May	91.95	92.80	90.10	92.65
July	92.75	93.00	89.80	92.75
Sept	92.50	93.00	91.00	93.00
Nov	92.60	92.60	92.50	93.05
Jan	93.10	93.00	92.30	93.00
March	93.45	93.50	92.65	93.35
May	93.65	—	—	93.55
July	93.65	—	—	92.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	360.0	—	—	351.7
March	361.5	—	—	353.2
April	363.0	364.0	355.9	354.7
July	366.6	367.0	359.0	358.3
Oct	370.1	370.0	363.0	361.8
Jan	373.6	372.0	367.5	365.2
April	377.0	—	—	368.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	591.8	587.0	587.0	584.8
March	594.5	596.5	588.0	588.0
April	598.5	—	—	594.9
May	602.2	604.0	595.5	595.5
July	610.2	612.0	604.0	603.2
Sept	618.8	620.0	614.0	611.5
Dec	631.4	632.0	626.0	623.8
Jan	635.7	—	—	628.0
March	644.4	645.5	638.0	636.5
May	653.1	—	—	645.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	5.94	6.00	5.81	5.86
May	6.14	6.22	6.11	6.15
July	6.38	6.46	6.36	6.38
Sept	6.50	—	—	6.49
Oct	6.62	6.68	6.58	6.64
Jan	6.85	—	—	7.22
March	7.13	7.18	7.10	7.18
May	7.30	7.34	7.30	7.40

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	58.62	58.75	57.85	57.57
April	61.47	61.60	60.60	60.60
June	61.75	61.80	60.95	60.92
August	59.57	59.75	58.95	59.15
Oct	58.20	58.30	57.70	57.65
Dec	59.80	59.80	59.55	59.30

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	45.47	45.60	44.95	45.47
April	40.22	40.40	39.85	40.17
June	44.60	44.72	44.15	44.52
July	45.27	45.32	44.80	45.25
August	44.12	44.12	43.75	44.12
Oct	40.92	41.10	40.50	40.80
Dec	41.97	42.02	41.65	41.80
Feb	42.40	—	42.50	42.45

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	240.6	242.0	240.2	242.2
May	241.2	242.4	241.0	243.2
July	241.0	242.0	241.0	242.4
Sept	219.6	220.4	219.4	220.6
Dec	213.6	214.4	213.0	214.2
March	222.0	222.4	222.0	222.6
May	226.0	226.4	226.0	226.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	57.25	57.95	57.20	57.85
March	58.07	58.70	57.80	58.65
May	59.45	60.10	59.15	60.12
July	59.85	60.45	59.70	60.45
August	58.22	58.95	58.20	58.62

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	530.6	535.4	529.2	531.4
May	538.4	543.4	538.0	540.4
July	546.0	551.0	545.2	548.0
August	543.4	548.4	543.4	546.0
Sept	527.4	531.0	527.4	528.4
Nov	522.6	526.4	522.4	524.2
Jan	533.2	538.4	533.2	534.2
March	543.0	548.4	543.0	544.2
May	551.0	552.4	550.0	551.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	151.6	152.7	150.0	150.6
May	153.2	154.2	152.2	152.6
July	154.1	155.0	153.0	153.5
August	154.0	154.5	153.0	153.5
Sept	150.6	151.0	150.5	150.1
Oct	146.5	146.5	145.5	145.8
Dec	147.5	148.0	147.0	147.3
Jan	148.0	—	—	147.2
March	150.2	—	—	151.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	19.60	19.70	19.47	19.70
May	19.91	20.10	19.87	20.08
July	20.23	20.38	20.21	20.41
August	20.36	20.50	20.35	20.53
Sept	20.30	20.50	20.30	20.45
Oct	20.35	20.50	20.30	20.46
Dec	20.61	20.75	20.60	20.76
Jan	20.75	20.80	20.75	20.92

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	324.6	325.6	320.6	322.6
May	289.4	290.4	287.0	289.2
July	268.4	270.0	268.0	269.6
Sept	269.4	271.4	269.4	271.0
Dec	283.0	284.0	282.2	284.2
March	288.0	—	—	287.4

SPOT PRICES — Chicago loose lard 15.50 (same) cents per pound. Hardy and Harman silver bullion 588.0 (590.0) cents per troy ounce.

POTATOES

Routine trade left prices slightly easier after a quiet day in which most business was done around unchanged levels before prices slipped on commission house selling at the close, reports Coley and Harper.

Sales: 241 (274) lots of 40 tonnes.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	70.00	70.90	70.50-70.00
Apr	91.10	91.50	92.00-91.10
May	99.50	99.50	99.70-99.50
Nov	77.50	77.50	—
Feb	84.00	84.30	—

Sales: 274 (246) lots of 40 tonnes.

COCOA

During an active day futures lost ground on a combination of trade and commission house selling. Although light producer selling was rumoured little actual business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1668-1669	−21.1	1688-1662
May	1674-1675	−22.0	1695-1669
July	1707-1708	−19.0	1722-1700
Sept.	1737-1738	−18.0	1760-1734
Dec.	1765-1767	−11.6	1775-1758
March	1782-1795	−13.0	1801-1787
May	1800-1814	−12.5	—

Sales: 5,087 (4,162) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for February 7: 100.42 (101.01); five-day average for February 10: 101.17 (102.01).

COFFEE

During a quiet morning the market opened a little higher than expected, but then traded in a narrow range until a little short-covering lifted prices. The New York opening was erratic but by late afternoon rumours of a low Brazil 1986-87 crop estimate boosted prices in both markets, reports Drexel Burnham Lambert.

COFFEE	Yesterdy's Close	+ or —	Business Done
March	2430-40	+47.5	2455-320
May	2500-05	+67.5	2510-375
July	2575-80	+82.5	2590-440
Sept.	2620-40	+67.5	2640-510
Nov.	2660-80	+50.0	2665-570
Jan	2680-750	+80.0	2610
Mar.	2700-40	−20.0	—

Sales: 3,933 (9,889) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for February 6: Comp daily 1979 187.19 (185.24): 15-day average 187.60 (188.33).

RUBBER

PHYSICALS — The London market was very quiet throughout the day, reports Lewis and Peat. Closing prices (buyers) spot 61.00p (same): March 60.00p (same): April 60.50p (same). The Kuala Lumpur fob price (Malaysia/Singapore cents) per Kg, RSS No 1 was —— (189.0), and for SMR 20 —— (195.0).

GRAINS

Business done—Wheat: Mar 116.40-6.00, May 119.80-9.60, July 122.00-1.85, Sept 98.00-7.80, Nov 101.40-1.00, Jan 104.85-4.45. Sales: 328 lots of 100 tonnes. Barley: Mar untraded, May 117.00 only, Sept 95.55-5.35, Nov 98.80-8.60, Jan 102.15-2.05. Sales: 67 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Mar	116.40	+0.25	113.40	−0.50
May	119.75	−0.25	117.00	−0.50
July	121.90	−0.45	—	—
Sept.	98.00	−0.30	95.55	−0.15
Nov.	101.30	−0.30	98.95	−0.05
Jan	104.70	−0.25	102.25	−0.25

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Feb 136.50, Mar 137.25, Apr/May 125.75 transhipment east coast. US No 2 soft red winter Feb 122.25, Mar 123.00 sellers. EC French Feb 138 seller. English feed fob Sept 101.50, Sept/Dec 104.25 paid, Feb 118, Mar 119, Apr/Jun 123, Sept 101.50, Oct 103, Oct/Dec 105.25, Jan/Mar 111 sellers. Maize: US No 3 yellow/French transhipment east coast Feb 145. Barley: English feed fob Feb 116.00/116.50, May 119.00/119.50 buyer/sellers, Apr/Jun 122 buyer. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 113.00, E Mids 113.00, N East 113.40, Scotland 115.20. The UK monetary coefficient for the week beginning Monday February 17 (based on HGCA calculations using three days' exchange rates) is expected to be unchanged.

FREIGHT FUTURES

The market reverted to fairly thin trading as the decline in physical rates appeared to have been arrested for the moment. Futures values dropped sharply on the opening but a complete turnaround occurred later and values closed at around unchanged levels, reports Clarkson Wolff.

The Freight Index was 786, down 3. The Baltic Tanker Index was 836.5, down 16.5.

	Close	High/Low	Prev.
April	880/885	885/874	884/881
July	780/784	780/759	778/770
Oct.	882/887	/881	890/880
Jan.	810/910	—	900/860
April	960/1005	—	1000/950
July	810/850	—	870/810
Oct.	925/960	—	970/925
Jan.	900/970	—	980/910

Turnover: [illegible]

LONDON STOCK EXCHANGE

Strong equity tone continues throughout busy session

FT index rises 16 to record 1187.7

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 27	Feb 6	Feb 7	Feb 17
Feb 10	Feb 20	Feb 21	Mar 3
Feb 24	Mar 6	Mar 7	Mar 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

The advance to record levels gathered momentum in London sharemarkets yesterday. The FT Ordinary share index rose 16.0 more to a best-ever 1,187.7 during an unusually active final session to a trading Account. There appeared to be no shortage of funds despite the large sums of cash tied up in the Wellcome issue; early estimates of the total involved ranged from £2.5bn to £3bn.

Investors were encouraged by reports of the Chancellor still aiming for Budget taxation cuts of £1bn, and of a marked recovery in spot oil prices. It was rumoured that Saudi Arabia could be considering production cutbacks, but the more positive news was that some oil-producing nations were making efforts to stabilise world oil prices.

Wall Street's strong tone overnight—the Dow Jones index closed above 1,600 for the first time—and another impressive performance by sterling against the D-mark and the dollar were *other stimulants. Blue chip* issues consequently went higher from the opening and the buying soon exerted fresh pressure on jobbers' short book positions. Some orders could only be completed at considerably enhanced prices levels and the shares involved usually recorded sizeable gains.

Speculative activity continued to broaden with **Distillers** trading heavily on talk that **Guinness** was seeking underwriting for a bid which would counter the latest **Argyll** offer, made on Thursday. **Coats Patons** were also active on *speculation that the proposed* merger with **Dawson International** could be wrecked by a rival offer from either **Courtaulds** or **Vantona Viyella**.

The financial sector, however, provided the day's most interesting situation. **Midland Bank** soared to 508p before closing a net 64 up *at 492p following* the surprise announcement that it had agreed to sell the troubled wholly-owned US subsidiary Crocker National to Well Fargo for over $1bn.

Government securities lost ground after their three-day advance. Business was inhibited by thoughts of new official funding and shortly after the 3.30 pm close the authorities announced the £1bn issue of **Treasury 10 per cent 1993**, payable £20 on application at a minimum tender price of £94. Late sentiment was little affected and the market was more concerned about Monday. From that day all longer-dated Gilt-edged, Corporation and Bulldog issues will be quoted clean of accrued interest and prices will be adjusted accordingly. Short-dated stocks are currently traded in this form.

Clearers below best

Midland's buoyant performance prompted sympathetic gains in the other clearers. Best levels were not always held, but **Lloyds** still ended 15 higher at 463p, after 467p, and **Barclays** added 11 at 458p, after 470p. **NatWest** hardened only a penny at 683p, after 692. Elsewhere, Standard Chartered found support at 440p, up 20. Discount Houses were featured by a late improvement of 3 to 37p in **Smith St Aubyn** following news of the agreed cash bid from Irving International Financing Corporation. **Cater Allen** firmed 10 to 445p as did **Union** to 640p.

Composites sprang to life among Insurances as takeover speculation revived. Perennial bid favourite **Commercial Union** attracted a good demand and closed 13 higher at 260p, while **Royals**, also the subject of a *broker's recommendation*, added 18 at 808p and **General Accident** put on 16 at 748p. **Sun Alliance** put on 13 at a new peak of 603p and **GRE** rose 10 to 775p. Life issues were inclined harder. **Prudential** appreciated 14 at 799p and **Abbey Life** edged forward a few pence at 210p.

Suggestions that **Guinness** is already preparing an increased bid for **Distillers** to counter the revised terms from **Argyll** stimulated another active business in the spirits group which touched 625p before settling 15 dearer on balance at 620p—a rise of 55 on the week. **Argyll** were unchanged at 338p as Samuel Montagu, acting in concert with Argyll, purchased another 2m Distillers shares at 608p apiece lifting its holding to 3.76 per cent. **Guinness** closed 9 cheaper at 278p. Apart from **Allied-Lyons**, 7 up at 280p, after 283p, *leading* Breweries tended to mark time. Regionals, however, closed with modest gains across the board. **Belhaven** hardened a couple of pence to 45p following a brokers lunch. Dealers stopped making a price in **Davenports**, last quoted at 385p, following the ambiguous statement from the takeover panel regarding the offer from Wolverhampton and Dudley.

Leading Buildings attracted steady support to close on a firm note. Demand in a market none-too-well supplied with stock lifted **Taylor Woodrow** 15 to 518p among Contracting and Construction issues. **Barratt Developments** revived with a gain of 4 at 122p, while **George Wimpey** firmed 3 to 147p, after 148p, *in belated response to* Press comment. **Blue Circle**, a subdued market of late, picked up 7 to 540p, while **RMC** rose 6 to 496p and **Tarmac** hardened 4 to 380p. **BPB Industries** moved up 8 to 368p. Elsewhere, **Ward Holdings** gained 6 to 272p ahead of the annual results due on February 20. **Alfred McAlpine** improved the same amount to 322p, as did **John Mowlem**, to 340p. Among Timbers, **Phoenix** firmed 4 to 100p on takeover rumours.

ICI *fluctuated narrowly* and closed unchanged at 819p. Among other Chemicals, **Anchor** found support at 195p, up 5, while **Rentokil** added 2 more to 170p following Press comment highlighting takeover possibilities. **Hickson International** continued to trade firmly and edged up 2 to *400p, while* **William Ransom**, still reflecting the interim results, firmed 5 afresh to 295p.

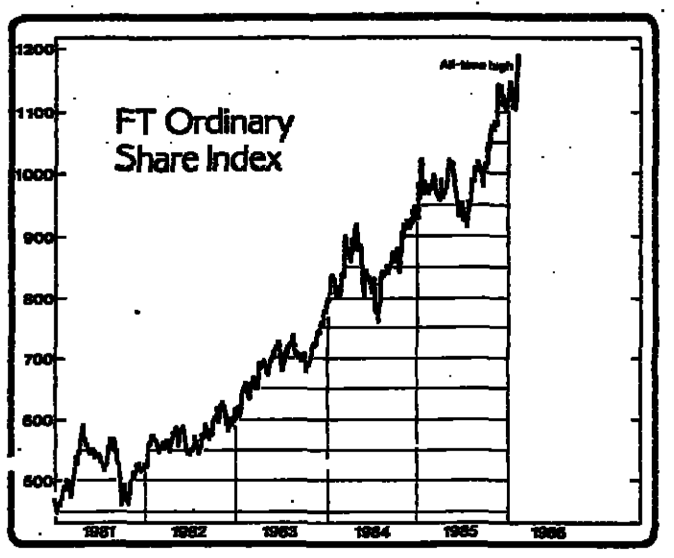
Stores buoyant

Leading Stores were buoyed by revived hopes of a reduction in personal taxation and consequently displayed a number of double-figure gains. **GUS A** advanced 17 to 759p, while **Woolworth** put on 11 to 468p. **Marks and Spencer** added 3 more to 175p, while **Dixons** hardened *a half-point to £10½*. **Stonehouse** touched 318p before settling 10 up on balance at 313p following an upward revision of profits by several brokers. Secondary issues also provided some noteworthy gains, **Next** responded to US interest and advanced 17 more to 242p, while revived takeover speculation lifted **Executex Clothes** 24 to 80p. **NSS Newsagents**, still excited by the stake taken recently by D. C. Thompson, put on 10 to 148p, while **Our Price**, annual results due next Tuesday, improved 15 to 540p. **Sumrie Clothes** rallied 6 to 42p following the appointment *of investigative inspectors from* the DTI coupled with the chairman's confident statement on current trading. **Rowland Gaunt** rose 9 to 86p on the disclosure that merger talks are in progress with **Spong**, finally a fraction cheaper at 19½p, after 22p.

Thorn EMI, 15 better at 404p, led the Electrical majors higher. **Cable and Wireless** revived with a rise of 23 at 610p, while **GEC** and **Plessey** both improved 4 to 180p and 190p respectively. **STC** also firmed 4 at 106p and **Racal** hardened a couple of pence at 176p. Elsewhere, dealings in **Vitatron** resumed at 85p with a close of 83p compared with the suspension price of 45p following details of the agreed bid from Medtronic of the US. Acorn Cmpuot r,ent — — **Acorn Computer**, a dull market earlier in the week following director share sales, rallied 11 to 78p in reply to Press comment, while **Questel** hardened a couple of pence to 180p following the preliminary figures. Modest end-account offerings left **Amstrad** a couple of pence easier on the day, but 30 up on the week at 286p; the shares have jumped 94 on the Account in *response to comment on the* profits potential of the group's compact disc playing systems.

Interest in the Engineering sector was selective **James Neill**, the subject of persistent speculative activity earlier in the week; put on 5 more to 201p. Renewed *investment demand lifted* **Pegler Hattersley** 8 to 380p, while **Babcock International** came to life with a gain of 7 at 186p. Buyers showed fresh interest in **Blackwood Hodge**, up a couple of pence more at 42p. **Wellman** *were also noteworthy for a gain* of 3 at 22½p. **McKechnie**, in which Williams Holdings has a stake, were supported and put on 7 at 198p. **Meggitt Holdings**, *in contrast*, eased 4 to 107p following the preliminary figures.

Foods met with selective buy*ing interest. Tate and Lyle rose* 6 to 558p following late demand, while **S. and W. Berisford** firmed 4 afresh to 152p on buying ahead of the preliminary results due on February 24. Against the trend, **United Biscuits** encountered end-Account selling and dipped to 225p prior to closing a net 4 down at 228p. Retailers showed **J. Sainsbury** 6 better at 360p and **Kwik Save** a couple of pence dearer at 226p. Secondary issues were featured by **Bassett** which raced up 17 to 180p amid rumours of imminent takeover developments; Hillsdown Holdings and Avana were mentioned as possible bidders.


FT Ordinary Share Index

Reckitt and Colman up

Leading miscellaneous industrials presented a distinctly firm appearance. **Reckitt and Colman** *featured a gain of* 40 at 695p following reports of a broker's upgraded profits forecast. **Hanson Trust** staged a useful revival with a gain of 7 at 155p, while **BTR**, helped by Press mention, put on 10 to 410p. **BOC**, 315p, and **Metal Box**, 640p, improved 6 and 10 respectively. **Glaxo**, in contrast, lost 20 more to 860p, while **Beecham** also met selling at 355p, down 6. Elsewhere, **Turner and Newall** returned to prominence following the favourable statement on its Zimbabwe subsidiaries and gained 9 to 157p. **Sketchley**, still reflecting the bid for Breakmate announced earlier in the week and the reorganisation proposals, advanced 10 more to 418p. Demand revived for **Rank Organisation** which advanced 16 to 503p, while **European Ferries**, partly reflecting the improvement in Stockley, rose 9 to 157p. **Bestobell** rose *7 to 237p on BTR bid hopes.* USM-quoted **Parkfield Group**, still reflecting acquisition news, advanced 25 further to 275p. Speculative activity left **J. Williams** 4½ to the good at 34p and **Dwek Group** 5 dearer at 40p. **Plastic Constructions** responded afresh to the preliminary figures with a further gain of 4 at 69p, while comment on the annual results left **Aaronson** 5 firmer at 85p. Other noteworthy movements included **William Baird**, 23 up at 458p, **Davies and Newman**, 10 higher at 207p, and **Smith and Nephew**, 7 better at 218p.

Casino group **Aspinall Holdings**, a recent takeover favourite, encountered end-Account offerings and dipped 6 to 164p. Elsewhere in the Leisure sector, **Zetters** made fresh progress to close 1½ dearer at 136½p.

A volatile week for **BL** finished on a dull note. *Termination of the talks with Ford of Europe* regarding the possible sale of its commercial vehicle and Austin-Rover operations, brought the shares back further to 36p for a net loss of 11 on the session; earlier in the week the price had risen to 71p.

Jaguar, the subject of considerable US support and traded option business throughout the week, touched a new peak of *438p* before settling 5 up on balance at 435p. **BBA** touched 211p but later reacted to 204p—*a gain of only 2 on the day*, while proposed merger partners **Automotive Products** added 4 at 201p, after 205p.

Leading Properties revived strongly. **MEPC** were a particularly good market on asset value considerations and rose 10 to 298p, while **Land Securities** firmed 8 to 296p. **British Land** were 3 dearer at 158p and **Slough** *Estates a couple of pence better* at 149p. **Stockley** came in for strong speculative buying on takeover hopes and gained 4 to 75p. **Stock Conversion**, in which Stockley has a sizeable interest, were unchanged at 520p.

P. and O. Deferred were outstanding in Shippings with a rise of 15 at 468p. **Ocean Transport** improved a few pence to 189p, while speculative buying lifted **Milford Docks** 8 to 70p.

Textiles finished an extremely lively week on a firm note. Activity again centred on **Coats Patons** which touched 239p be*fore settling 9 dearer on balance* at 238p as hopes persisted of a counter-bid to the proposed merger with Dawson International. **Tootal** responded to fresh speculative demand and closed 3 to the good at 87p with **Vantona Viyella** mentioned as a possible suitor; the latter, scheduled to reveal preliminary results next Friday, eased a few pence to 450p. Buyers also returned for **J. Crowther**, finally 5 up at 99p, and **Tomkinsons**, 15 higher at 235p.

Tobaccos again featured **Imps** which advanced 14 to 269p in active trading as investors continued to take the view that Hanson Trust's offer would escape a reference to the Monopolies Commission and could well be increased in the near future.

Oils rally

Another rally by *North Sea* oil prices, reflecting rumours of possible production cuts by Saudi Arabia and the Soviet Union as well as the spell of bad weather in Europe and the US, sparked a modest upturn in leading oils, after four days of falling share prices. **BP** and **Shell** moved ahead in tandem with the latter finally 10 better at 670p and the former 8 higher at 553p. **Britoil**, which dipped to a 1985-86 low of around 180p on Thursday, closed 5 firmer at 190p and **LASMO** hardened a few pence to 168p.

Polly Peck continued to trade in an erratic manner among Overseas Traders; sold down to 130p at one stage this week on talk of a chart "sell" signal, the shares dropped to 135p yesterday before rallying sharply after-hours' *amid sizeable call option* activity to end the day a net 3 firmer on balance at 148p. Bid hopes revived in **Inchcape** which closed a further 20 dearer for a rise of 45 on the week at 385p. Speculative demand lifted **Tozer Kemsley Millbourn** 4 to 80p.

Golds lose ground

Renewed strength in the Financial Rand and a marginal decline in the bullion price ensured another dull day in South African mines. General lack of interest from either London or the Continent coupled with a marked reluctance by Johannesburg traders to chase stock in the face of a strong South African currency prompted a gradual decline in golds and financials which retreated for the fourth successive session.

Bullion traded around the $337 level for much of the day prior to closing a net $1.75 down at $336.5 an ounce leaving the metal $13.125 lower over the week.

Heavyweight Golds were left with falls of up to £1, as in **Randfontein**, £65½, while **Buffels** dipped ¾ to £17⅝. **Free State** *Geduld a like amount to* £15⅞ and **Winkelhaak** ½ to £13⅞. Among the cheaper priced issues **Elandsrand** remained a depressed market and closed 31 lower at 500p and **Simmer and Jack** gave up 22 to 160p.

The Gold Mines index lost 5.8 more to 322.0 extending the fall on the week to one of 19.3.

Financials tended to give ground where changed in extremely thin trading. **Gold Fields of South Africa** slipped 19 to 937p despite the sharply increased interim profits and dividend announced earlier in the week, while **Genbel** fell 40 to 770p, "**Amgold**" £1 to £51 and **Anglo American Corporation** 10 to 960p.

Good gains in UK equities helped London-registered Financials make modest progress. **Rio Tinto-Zinc** edged up 5 to 565p and *Consolidated Gold Fields* hardened a couple of pence to 472p, leaving the latter around 20 off on the week.

Another modest rally by overnight Sydney and Melbourne markets helped Australian mines edge higher during early trading. However, sterling's rise against the Australian currency saw most issues slip back to close little changed on balance. In the golds **Southern Resources** attracted good support and settled 4 up at 74p but coal producer *Oakbridge* came under pressure and dropped 6 to 50p.

FINANCIAL TIMES STOCK INDICES

	Feb. 7	Feb. 6	Feb 5	Feb. 4	Feb. 3	Jan. 31	year ago
Government Secs	81.49	81.75	81.61	81.16	80.89	†81.34	80.04
Fixed Interest	87.30	87.25	87.13	86.82	87.17	87.24	84.04
Ordinary ♥	1187.7	1171.7	1163.1	1163.9	1156.3	1161.0	988.5
Gold Mines	322.0	327.8	330.4	338.2	344.9	341.5	484.5
Ord. Div. Yield	4.37	4.41	4.44	4.44	4.46	4.45	4.36
Earnings, Yld. %(full)	10.66	10.74	10.80	10.79	10.86	10.82	10.89
P/E Ratio (net) (*)	11.70	11.59	11.53	11.54	11.46	11.51	11.04
Total bargains (Est.)	26,721	26,047	25,205	25,919	25,099	28,003	25,355
Equity turnover £m.	—	664.51	555.95	499.13	439.76	523.72	495.58
Equity bargains	—	23,705	22,803	20,235	25,182	23,881	26,704
Shares traded (ml)	—	265.0	238.7	225.4	222.8	248.0	277.4

♥ 10 am 1,177.1. 11 am 1,179.5. Noon 1,182.1. 1 pm 1,182.3. 2 pm 1,181.9. 3 pm 1,182.6. 4 pm 1,184.3. Day's High 1,188.6. Day's Low 1,176.8. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. * Nil=22.17.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10/85)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (23/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1187.7 (7/2/86)	911.0 (26/7/85)	1187.7 (7/2/86)	49.4 (26/6/40)
Gold Mines	536.9 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITIES

INDICES	Feb 6	Feb. 5
Daily Gilt Edged Bargains	134.4	139.8
Equities Bargains	153.6	147.7
Value	1343.1	1123.7
5 day Average Gilt Edged Bargains	134.0	131.9
Equities Bargains	150.1	150.1
Value	1084.6	1032.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 3	Feb 14	May 8	May 19
Feb 17	Feb 28	May 29	June 9
Mar 3	Mar 14	June 12	June 23

For rate indications see end of Unit Trust Service

Money was given for the call of Raine Engineering, Pavion, Abaco Investments, Berkeley and Hay Hill, Martin Ford, Polly Peck, Tricentrol, Imperial Group, *Lonrho, Premier Oil*, Associated British Ports, Acorn Computers, STC and Johnson Firth Brown. No puts were taken out, but a double option was transacted in Beecham.

LEADERS AND LAGGARDS

Gold Mines Index	+31.63
Gold Mines Index	+31.22
Motors	+15.72
Textiles	+15.03
Insurance Brokers	+11.11
Electricals	+10.82
Office Equipment	+10.67
Metals and Metal Forming	+10.11
Tobacco	+ 8.40
Health and H'sehold Products	+ 8.19
Mining Finance	+ 8.02
Merchant Banks	+ 7.82
Publishing and Printing	+ 7.27
Chemicals	+ 7.00
Packaging and Paper	+ 6.78
Other Industrial Materials	+ 6.45
Capital Goods	+ 5.29
Insurance (Composite)	+ 4.51
Electronics	+ 4.50
Leisure	+ 4.07
Mechanical Engineering	+ 3.16
Contracting, Construction	+ 2.67
Building Materials	+ 2.58
Industries Group	+ 2.42
Shipping and Transport	+ 2.29
Investment Trusts	+ 1.98
Consumer Group	+ 1.86
500 Share Index	+ 1.81
All-Share Index	+ 1.72
Brewers and Distillers	+ 1.69
Other Groups	+ 0.73
Financial Group	+ 0.69
Insurance (Life)	+ 0.58
Property	− 0.80
Food Manufacturing	− 1.47
Telephone Networks	− 2.36
Oils and Gas	− 2.72
Food Retailing	− 3.23
Stores	− 3.89

RECENT ISSUES
EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −	Net. Div.	Times covered	Gross Yield	P.E. Ratio
§160	F.P.	28/2	172	166	‡Brookmount	172	+4	bg3.5	4.4	2.9	11.1
587	300	7/3	310	285	Cable & Wireless 50p	300	......	F9.5	2.9	2.3	16.6
§63	F.P.	23/1	75	64	‡ChancerySecurities	73	−2	bg2.2	2.5	4.3	11.3
120	F.P.	24/1	130	118	*Chetwynd Streets 5p*	130	+2	b2.11	3.5	2.3	18.1
§56	F.P.	31/1	63	59½	‡Granyte Surface 10p	60	......	b2.1	2.6	5.0	18.9
—	F.P.	—	175	100	Intl. Inv. Tst. J'sey wts	152	......	—	—	—	—
120	F.P.	10/1	125	116	‡Jacques Vert 10p	120	+1	bg5.5	1.9	6.5	11.2
18	F.P.	6/3	120	115	Klearfold Inc. $0.01	118	−2	bQ4.7c	3.0	2.7	12.6
105	F.P.	14/3	128	112	Macro 4 5p	124	+1	bg1.0	6.5	1.2	18.0
§127	F.P.	7/3	134	125	‡Microsystems 10p	128	......	bg1.78	4.5	2.0	16.1
¶¶330	F.P.	21/2	358	333	Really Useful Grp. 5p	358	+5	b11.25	2.2	4.5	14.7
100	F.P.	9/1	119	106	‡SAC Intl. 10p	118	......	b1.5	3.8	1.8	26.4
§101	F.P.	14/2	107	87	‡Sigmex Intl.	87	......	u0.53	18.5	0.9	8.1
¶¶	F.P.	—	318	277	Storehouse 10p	303	+5	u5.7	2.8	2.7	18.8
††	F.P.	—	10	7	Telfos Warrants	10	......	—	—	—	—
140	F.P.	7/3	144	140	‡Wickes 40p	140	......	bg2.0	4.7	2.0	14.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1985/6 High	1985/6 Low	Stock	Closing price £	+ or −
97.203	25	4/4	24⅝	20¼	Allied Lon.Props.10⅝% 1stMort.Deb.2025	22⅜	+⅝
¶¶	F.P.	—	104½	104	Anglo-Nordic 11½% Cm. Pf.	104	......
¶¶	F.P.	—	93	93	Do. 10% Cnv. Uns. Ln. '89/92	93	......
§99.745	£25	11/4	25¾	23¾	First Scot. Am. 11½% Deb. 2016	25¼	+¼
‖100	Nil	—	1ppm	1ppm	Great West. Res. Part Pref.	1ppm	......
‖	Nil	27/3	8pm	5pm	Lon.Shop Prop.9¼%Cnv.Uns.Ln.'99/04	5pm	......
100	£10	30/5	10½	10	Mid Sussex Wtr.8¼% Red. Pref. 1996	10½	......
—	F.P.	—	100	99¾	Nationwide Bldg. Soc. 12 13/32% 9/2/87	99 13/16	−1/16
§99.513	£40	26/2	40¾	35	Rosehaugh Greycoat 11% 1st Mt Db 2014	37¾	+⅛
††	F.P.	—	94	92	Telfos 9% Pref.	92½	......
§99.706	£40	28/2	40¼	36¼	T. T. Finance 11⅜% Gtd. Deb. 2016	38½	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
82	F.P.	3/3	100	89	‡Cannon St. Invs. 20p	93	......
100	F.P.	7/3	123	113	Chemring Cnv. Pfd. Ord. 5p	118	......
750	Nil	21/3	80pm	44pm	CALA 50p	44pm	−5
Dm500	Nil	—	45pm	30pm	Commerzbank Dm10	30pm	......
235	Nil	13/3	55pm	38pm	Cray Electronics 10p	43pm	+5
18	F.P.	19/2	29	17	‡Imtec 10p	28	......
366	F.P.	7/3	480	400	Peel Hldgs.	480	......
15	F.P.	7/3	18½	17½	Stormgard 10p	18½	+½
††200	F.P.	27/3	70	68	Telfos	70	......
70	F.P.	17/3	85	79	Triplex	85	......
52	F.P.	25/2	118	80	Unigroup 15p	118	......
35	Nil	10/3	7pm	5pm	Walker (C & W) 15p	5pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. r Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders *of ordinary shares as a "rights."* ** *Issued by way of capitalisation.* § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). †† Units comprising two ordinary, one preference and one warrant.

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (124)

AMERICANS (6), BANKS (1), BREWERS (2), BUILDINGS (2), CHEMICALS (2), STORES (5), ELECTRICALS (4), ENGINEERING (9), FOODS (5), HOTELS (1), INDUSTRIALS (38), INSURANCE (3), LEISURE (2), MOTORS (7), NEWSPAPERS (1), PAPER (4), PROPERTY (5), SHIPPING (1), TEXTILES (6), TRUSTS (18), OILS (1), MINES (1).

NEW LOWS (18)

AMERICANS (4) Bank America, Cenergy Corp., Texaco, US Steel, ENGINEERING (1) Mall (Matthew), INDUSTRIALS (3) Hartons, Oldacre, Optometrics, TRUSTS (3) City & Foreign Inv., New Darien Oil Trust, North Sea Assets, OILS (6) Claremont Petroleum, Eglinton Oil & Gas, New London Oil, Petranol, Petracon, Ranger Oil, OVERSEAS TRADERS (1) Polly Peck Intl.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	11	79	19	291	186	68
Corpns. Dom. and Foreign Bonds	21	9	52	102	78	232
Industrials	431	224	861	1,764	1,380	4,436
Financial and Props.	155	63	353	576	458	1,821
Oils	21	26	78	74	183	368
Plantations	0	2	16	6	3	81
Mines	24	58	102	128	31	451
Others	48	67	99	380	330	376
Totals	711	528	1,580	3,321	2,647	7,833

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BBA	204	+ 2	Glaxo	860	−20
BL	36	−11	*Imperial Group*	269	+14
Barclays	458	+11	Lloyds Bank	463	+15
Coats Patons	238	+ 9	Midland Bank	492	+64
Distillers	620	+15	P & O Deferred	468	+15
European Ferries	157	+ 9	Turner and Newall	146	+11

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thur. close	Day's change	Stock	No. of changes	Thur. close	Day's change
Distillers	33	605	+25	Allebone	20	81	+ 2
Glaxo New	26	885	−10	Imperial Group	20	255	+ 3
Brsfd. (S. W.)	23	148	+ 6	Lasmo	19	165	—
Aitken Hume	22	179	+12	Pentland Inds.	18	365	+36
Amstrad	22	288	+14	Argyll Group	17	338	−10
Jaguar	21	430	+10	Illingworth M.	17	113	+10

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thur. close	Change on week	Stock	No. of changes	Last Thur. close	Change on week
Jaguar	132	430	+43	Westland	93	110	−23
ICI	130	819	+13	BP	91	545	−33
Distillers	109	605	+45	Imperial Group	88	255	+ 5
BL	105	47	+15	Beecham	87	361	+ 3
Glaxo New	101	885	+15	STC	88	102	—
Extel	94	393	+13	Polly Peck Int.	85	145	−13

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Development Bk 10¼pcLn 2009 £95¼
Australia (Commwlth of) 9½pcLn 2012 £87¼. 11¼pcLn 2015 £102¼ 3 ¼
European Invest Bk 10¼pcLn 2004 £95⅜ ⅝ ⅞ 6. 11pcLn 2002 £102⅝ ¾ 3
Finland (Rep of) 11½pcLn 2009 £101½ (3/2)
Inter-American Dev Bk 9¼pcLn 2015 £88⅞
Intnl Bk for Rec and Dev 9½pcLn 2010 £87⅞ 8¼ ⅞. 11.5pcLn 2003 £104½ ⅝ ¼ ⅞. 14pcLn 1987 (Br) £101⅞ (5/2)
Ireland 12½pcLn 2008 £109 (5/2)
Malaysia 10¼pcLn 2009 (Br) £87¼ (5/2). 12¼pcLn 1988 £99⅝ ¾
New Zealand 11¼pc 2008 (Br £5000) £99¼ (3/2). 11½pc 2014 £105½ ⅝. 14¼pc 1987 (Br £5000) £102¼ (5/2)
Spain (Kingdom of) 11¼pcLn 2010 £103½ (5/2). 12pcLn 1988 £99½. 12pcLn 1988 (Br) £99½ (5/2)
Sweden (Kingdom of) 9¼pcLn 2014 (£30 pd 30/4/86) £29¼ [illegible]. 11pcLn 2012 (Br) £95⅜ (3/2). 13.5pcLn 2010 £115¾
Trinidad and Tobago (Rep of) 12¼pcLn 2009 £93¼
Utd Mexican States 16½pcLn 2008 £93½ ¾ 4. 16½pcLn 2008 (Br) £94½ (31/1)

CORPORATION & COUNTY

London County 2½pc Cons 1920 (or after) £19 (4/2)
Greater London Council 6¼pc 90/93 £78¼ ⅞ 9¼ ⅛
Barnet Corpn. 12¼pc 1987 £98⅛
Birmingham Corpn. 3pc 1947 (or after) £23 (5/2). 3pc (1902) 1932 (or after) £23½ (31/1). 3½pc 1946 (or after) £27¼ (31/1)
Birmingham Dist. Council 11½pc 2012 £103½
Bristol (City of) 11½pc 2008 £101½ (4/2)
Greenwich (London Borough of) 11¼pc 1986 £99⅝
Islington Corpn. 12¼pc 86/87 £98¼ (5/2)
Leeds (City of) 13½pc 2006 £120¼
Lincoln (Corpn. 3pc 1919 (or after) £23 (5/2)
Liverpool Corpn. 3pc 1942 (or after) £23
Manchester Corpn. 3pcCons 1928 (or after) £23½ (31/1). 4pcConsIrrd £31 (3/2)
Newcastle-Upon-Tyne (City of) 11¼pc 2017 £102
Nottingham Corpn. 3pc (Irrd) £23½
Reading Corpn. 3½pc £28 (31/1)
Salford Corpn. 5½pc 86/88 £86½
South Tyneside (Met Borough of) 12¼pc 1986 £99½ (4/2)
Southend-on-Sea Borough Council 12pc 1987 £99¼
Southwark Corpn. 6¼pc 83/86 £95¼ (5/2). 12½pc 1987 £99¼ (5/2)
Sunderland (Borough of) 11¼pc 2008 £104
Tyne and Wear County Council 12pc 1986 £98⅝ (4/2)
Local Authority 10½pc Bonds 1/10/86 £98⅞ (4/2)

UK PUBLIC BOARDS

Agricultural Mortgage Corpn. plc 5½pcDb 93/95 £68¼ (31/1). 6pcDb 82/87 £89⅞. 8¼pcDb 82-94 £71¼. 6½pcDb 85-90 £81½. 7¼pcDb 91-93 £82¼. [illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

BOC Group 3.5pc2ndPf (£1) 43 (4/2). [illegible]
BPB Inds 7¼pcDb 1986-91 £85¼ (4/2)
BSC Intnl 12pcLn 1993-98 £101 (5/2)
Babcock Intnl 5pc2ndPf (£1) 40 (5/2)
Bailey (C. H.) B (10p) 185
Baker Perkins 7pcPf (£1) 58 [illegible]
Barham Group (2½p) (Rts) 137 8 9 9 40 1½. New (2½p) (Fp) 137 8
Baker Dobson Group 6½pcLn 1990-95 £67 (5/2)
Barlow Rand Pfd (R0.10) 350
Barrow Hepburn Group 7.75pcPf (£1) 88 (5/2)
Barton Gp 8pcPf (£1) 45 (31/1)
Batleys 10pcPf (£1) 104
Beazer (C. H.) (Hldgs) 8½pcLn 2000 £137
Beecham Gp 8½pcLn 1984-94 £84 5
Bentalls 5½pcPf (£1) 44 (3/2)
Berisford (S. W.) 5pcPf (£1) 55 (4/2). 7½pcPf (£1) 72
Bestobell 5pc2ndPf (£1) 37 9
Bibby (J.) & Sons 10¼pcDb 1994-99 £92¾
Birmid Qualcast 7½pcLn 1987-92 £80
Blackett Hutton Hldgs 5½pcPf (£1) 40 (4/2)
Blackwood Hodge 9pcLn 1985-90 £86½
Blue Bird Confectionery Hldgs 6pcPf (£1) 47 (31/1)
Blue Circle Industries 5½pc2ndDb 1984-2009 £54 (5/2). 7pcDb 1988-93 £78¼. 9pcDb 1992-97 £87¼. 10¼pcDb 1994-1999 £94 ¼ (4/2). 6¾pcLn £52
Blundell-Permoglaze Hldgs 6½pcDb 1981-1986 £97⅞
Boot (Henry) & Sons Pf (£1) 49½ (4/2)
Booth (John) & Sons (Bolton) 45 (31/1)
Bootham Engineers (£1) 345
Boots Co 7½pcLn 1988-93 £81¼ 3
Boulton Paul 5pcPf (£1) 41. 7pcPf (£1) 50 (4/2)
Bowater Inds 4.35pcPf (£1) 54
Bramall (C. D.) 13pcLn 1993-2003 £101
Bridon 8pcDb 1988-93 £81¾. 10¼pcDb 1991-96 £92. 7¾pcLn 2002-07 £66 (3/2)
British Alcan Aluminium 10½pcDb 1989-1994 £91¼ (5/2)
British-American Tobacco Co 5pcPf (£1) 42½. 6pc2ndPf (£1) 50 (5/2)
British Amer Tobacco Invest 10pcLn 1990-95 £91½. 10½pcLn 1990-95 £95½
British Benzol 13pcLn 1995 [illegible]
British Ever Ready 6pcLn 1992-97 £84
British Home Stores 7pcPf (£1) 64. 5½pc Db 1989-94 £70 ¼. 7¼pcDb 1994-96 £71½. 8pcLn 1992 [illegible]
British Printing Comm Corpn 4.2pcPf (£1) 48 (3/2). 6.5pcPf (£1) 75½ (31/1). 7.5pcPf (£1) 80 (5/2)
British Shoe Corpn Hldgs 6½pcPf (£1) 54. 6½pc3rdPf (£1) 53 (4/2). 7pcLn 1985-90 £83¼ (3/2)
British Syphon Inds 7pcPf (£1) 30 (4/2)
Brown Jackson (20p) 18½ 9 ½ ¾ 21. 10.75pc1stPf (£1) 108
Brown Boveri Kent 8pcLn 1988-93 £81¼ (31/1)
Brown Bros Corpn 9pcLn 1987-92 £83½
Brown (John) A 20 1 2
Bulgin (A. F.) & Co (5p) 16 (31/1)
Bulmer Lumb (Hldgs) 5pcPf (£1) 39 (4/2)
Bunzl 7pcLn 1985-97 £104 ½
Burroughs Corpn ($5) £50½ (4/2)
Burton Gp Wts to Sub for Ord Shs [illegible]

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

هكذا عن الاصل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

Imperial Foods 6¼pcDb. 1985-90 £85
Imperial Grp. 6.9pcLn. 2004-09 £63. 7.5pcLn. 2004-09 £68. 10.5pcLn. 1990-1995 £93¼ 4 ¼ ½. 8pcLn. 1985-90 £87½ (5/2)
International Bus Match ($1.25) £110
Jamesons Chocs. (10p) 84 (5/2)
Johnson and Firth Brown 11.05pcPf. (£1) 139 (31/1). 11pcLn. 1993-98 £88½
Johnson Group Cleaners 9pcPf. (£1) 80 (4/2)
Johnson Matthey 8pcPf. (£1) 245 8. 8½pcDb. 1985-95 £82½
Johnston Grp 10pcPf. (£1) 113
Jones (A.) Sons 6½pcPf. (£1) 54 (31/1)
Juliana's Hldgs. 7½pcLn. 2000-02 £66 7 (5/2)
Kalamazoo 8½pcLn. 1987 £87 (3/2)
Kalon Grp. (15p) 25½ 6
Kennedy Smale 6pcPf. (£1) 43½ (3/2)
Kenning Motor Grp. 5½pcPf. (£1) 45 (31/1)
Kent (G.B.) Sons 5pcPf. (62½p) 26 (3/2)
Kleeneze New ($0.01) 115 7 8
Kynoch (G. and G.) 113 (4/2)

L—M

Ladbroke Grp. 277 (3/2). 8pcLn. 1990-92 £82½
Laing (John) A 311 2 (5/2)
Laporte Inds. (Hldgs.) 5½pcDb. 1988-93 £73½
Lawrence Scott 6¼pcDb. 1985-90 £77 (4/2)
Lep Grp. 4½pcPf. (£1) 51½ (31/1)
Lewis (John) Partnership 5pcPf. (£1) 45 (4/2). 7½pcPf. (£1) 62 (5/2)
Lewis's Invst. Tst. 6½pcDb. 1985-90 £83
Lex Service 2nd Ser. 120 8½pcLn. 1992-1997 £81½
Lexicon ($0.01) 115 6. Do. New 115
Lifecare Intnl. 6.25pcPf. (£1) 80
Lister 5pcPf (£1) 43 (4/2)
London Entertainments (20p) 50
London International Grp. 10½pcLn. 1990-95 £92½ (31/1)
Lonrho 9pc2ndDb. 1987-92 £89 ¼ (5/2)
Lovell (Y. J.) (Hldgs.) 8½pcDb. 1987-92 £80½
Lowe Howard-Spink Campbell-Ewald New (10p) 320 2 3
Lucas Inds. 7¼pcLn. 1983-88 £93 ¾ (4/2). 10¼pcLn. 1992-97 £94 (5/2)
Lyon and Lyon 115¼ (4/2)
M.Y. Dart Dfd. (10p) 31
McAlpine (Alfred) 9pcPf. (£1) 108½ (3/2)
Macarthys Pharmaceuticals 5pcBPf. (£1) 46
McCarthy Stone 7pcLn. 1999-04 £123
Macro 4 PLC (5p) 124 (3/2). New (5p) 121 2 ½ 4
Magnet and Southerns 5.25pcPf. (£1) 73½ (4/2)
Manganese Bronze Hldgs. 8¼pcPf. (£1) 67 (4/2)
Manor National 10½pcPf. (£1) 89 (5/2)
Marks and Spencer 7pcPf. (£1) 62
Marley 6½pcPf. (£1) 53 (31/1)
Marshall (Thomas) (Loxley) 95 (4/2)
Massey-Ferguson Hldgs. 7½pcDb. 1987-92 £78
Menzies (John) 9pcPf (£1) 108 (4/2)
Messina (R0.50) 49 50 (3/2)
Metal Box 4.9pcPf. (£1) 58½ 9 (5/2). 10½pcLn. 1993-97 £93½
Michelin Tyre 9½pcDb. 1992-97 £87 (3/2)
Micro Business Systems 6pcLn. 1987 £57 8
Minty 295 (3/2)
Morgan Crucible 6½pcDb. 1985-2000 £92
Morton Sundour Fabrics 5pc1stPf (£1) 39 (31/1)
Mount Charlotte Invest 9½pcLn 1995-2000 £350 (3/2)

N—O—P

NSS Newsagents 10pcLn 1990-2000 £163½ [illegible] (5/2)
Newman Industries 10½pcLn 1996-98 £79 83
News International 7½pcDb 1985-90 £85½
Next 7pcPf A (£1) 57 (5/2). 10pcPf B (50p) 38. 7pc1stDb 19[illegible]
Normans Group 8¼pcLn 1999-2004 £114 (5/2)
Norsk Data AS B (NK20) £38¼ (5/2)
Northern Engineering 7pcLn 2000-05 £62 (4/2). 6¼pcLn 1988-93 £82½ (31/1). 9pcLn 1990-95 £81½ (5/2)
Nottingham Brick 5pcPf (£1) 41 (3/2)
OK Bazaars (1929) 6pc1stPf (R2) 10 (5/2)
O'Hagans [illegible] 45
Owen Owen 7¼pcLn 1988-93 £78
Parker Knoll 295 (31/1)
Parkland Textile 170 (3/2)
Paterson Zochonis 10pcPf (£1) 115 (5/2)
Pavilion Leisure (10p) 30
Pearson 5½pcLn 1988-93 £66. 6¼pcLn 1988-93 £72 3½. 8¼pcLn 1988-93 £77 (5/2). 10½pcLn 2001-05 £90 (31/1). 10½pcLn 1993-98 £91½. 13pc Ln 2007 £110¼ (3/2)
Pentos Dfd (20p) 107 12 (4/2). 13½pc Ln 1990 (Series A) £100 (4/2)
Peugeot Talbot Motor 5½pcDb 1984-89 £85 (4/2)
Phicom 8pcPf (£1) 100
Plessey 7¼pcDb 1992-97 £73½ ¾ 4 (4/2)
[illegible] 6pcPf (£1) 46½ (4/2). 9½pcLn 1994-2000 £160◆
Portsmouth Sunderland Newspapers 10.5pc [illegible] (£1) 123 (31/1)
Powell Duffryn 4½pcPf (50p) 19 (3/2). 6½pcDb 1984-89 £88¼ (5/2)
Pratt (F.) Engineering 7½pcLn 1987-92 £77
Press Tools (10p) 68

Q—R—S

Queens Moat Houses 12pc1stDb 2013 £[illegible] (4/2). 10½pcLn 1989-91 £283½ [illegible] (5/2)
Quick (H. J.) 10pcPf (£1) 103½ (4/2)
R E A Hldgs 9pcPf (£1) 90◆. 12pc Ln 2000 £630
Racal-Chubb 8pcLn 1992-96 £76½◆
Radio Rentals 6pcPf (£1) 800
Rank Organisation 6¼pcPf (£1) 51½ 2. 8pc2ndPf (£1) 66 (31/1). 5½pcLn 1990-1995 £63½. 6pcLn 1985-88 £91½ (5/2). 8pcLn 1988-93 £79¾ (3/2). 10½pcLn 1997-2002 £90 ¼
Ranks Hovis McDougall 6pc1stPf (£1) 50◆. 6pcPf A (£1) 49◆ 50½. 6pcPf B (£1) 49½◆. 6¾pcLn 1985-88 £98 ½. 6¾pcLn 1983-88 £87. 7¼pcLn 1981-86 £98 (3/2). 8½pcLn 1990-94 £83. 8¾pc Ln 1991-95 £85½ ¼
Ratcliffe (F. S.) Industries 55 (4/2)
Recticut International 8¼pcLn 1988-93 £83
[illegible] Group (5p) 340 2 5 (31/1). New (5p) 352 3 4 5 7 8 9
[illegible] 8pcPf (£1) 42. 6¾pc [illegible] £94 (4/2)
Redfearn National Glass 10½pcDb 1992-1997 £94½ (3/2)
Redland 5pcPf (£1) 54 (3/2). 7¼pcDb 1990-95 £74½ (5/2)
Reed Decorative Products 4pc1stDb £32 (5/2)
Reed International 7½pcDb 1987-92 £88 ¼ (4/2). 7½pcDb 1990-95 £85¼ (5/2). 5½pcLn £42½. 7pcLn 1987-92 £75¼ ½. 7½pcLn £59½◆. 7½pcLn 1996-2001 £72. 10pcLn 2004-09 £85 ¼ ½ ¾
Reed Publishing 3pcDb 1993-98 £97. 4½pcLn 2004-09 £42. 7½pcLn 1997-2002 £79¾ (31/1). 9pcLn 1999-2004 £79◆
Renold 6pcPf (£1) 46½ (4/2). 7¾pc2nd Db 1992-97 £69½◆. 8pc1stDb 1991-1996 £73½◆
Robertson Foods 5.5pcPf (£1) 64 (3/2). 10½pcDb 1992-97 £95
Robinson (Thomas) 7pcPf (£1) 420 5
Rockware Group 7.7pc2ndPf (£1) 135 8 (5/2). 8pcLn 1985-90 £86½ (5/2)
Ropner 11¼pcPf (£1) 125½ 8
Rowntree Mackintosh Warrants to sub for Ord £770 [illegible] 6pc1stPf (£1) 50. 7½pc [illegible] (£1) 55
Rugby Portland Cement 6pcLn 1993-98 £85 6
S U Stores Warrants to sub for Ord 12 (5/2)
SPP (10p) 152 4 5
Saatchi Saatchi 6pcLn 2016 £136
Sainsbury (J.) 6¾pc1stDb 1987-93 £78½. 7¼pc1stDb 1987-92 £80¼. 8pcLn £63¾ (31/1)
Salts (Saltaire) 7pcPf (50p) 26 7 8 (3/2)
Savoy Hotel B (5p) £105 (3/2)
Scapa Group 8pcLn 1988-93 £88½
Scottish Agricultural Ind 5½pcLn 1994-1999 £54 (31/1)
Scott's Restaurant (12½p) 640
Sears 7½pcPf (£1) 60½ (3/2). 7pcAPf (£1) 56½ (4/2). 7¼pcLn 1992-97 £77¼
Sears Eng Hldgs 6pcPf (£1) 50½. 8¼pcDb 1987-92 £83 (3/2)
Senior Eng Gp 9.6pcLn 1991-96 £83½ (3/2)
Sheffield Brick Gp (10p) 16 (3/2)
Sherrock (10p) 78 9
Sidlaw Gp 7½pcLn 2003-08 £65¼ (31/1)
Simon Eng 5.4pcPf (£1) 59½ (5/2). 7.75pcPf 1992-97 (£1) 90½ (5/2)
Simons 7½pcPf (£1) 55
Simpson (S) 590 (5/2)
600 Gp 4.9pcPf (£1) 37½ (4/2)
Sketchley 4.9pcPf (£1) 136
Slimerby (HC) 125 8 (5/2)
Smith (WH) (Hldgs) B (10p) 54 ½ (31/1). 8pcDb 1987-92 £84¼ (4/2). 5½pcLn £41. 7¼pcLn 1988-93 £79 (5/2)
Smiths Ind 11¼pcDb 1995-2000 £91 (3/2). 7½pcLn 1985-90 £400 (31/1)
Smurfit (Jefferson) Gp Pf Cur Units (Ir£0.02) [illegible]

Sommerville (William) 265 (4/2)
Sperati (CA) (50p) 425 (3/2)
Spillers 7¼pcDb 1984-89 £95◆
Stag Furniture Hldgs 10pcPf (£1) 102½ (3/2)
Staveley Ind 5¼pcPf (£1) 44½ (5/2). 7½pcLn 1986-91 £83 ¼
Stavert Zigomala (20p) 360 (31/1)
Steel Brothers Hldgs 4.7pcPf (£1) 46 (3/1). 7pcLn 1990-95 £66½ (5/2). 9pc Ln 1990-95 £79 (5/2)
Steetley 6¼pcDb 1995-00 £82½◆
Stoddard (Hldgs) (10p) 22
Storehouse (10p) 297 8 300 1 2 3. 9pcLn 1992 £192
Stroud Riley Drummond 8pcPf (£1) 60½ (31/1)
Sunbeam Wolsey 8pcPf (Ir£1) I£0.38 (5/2)
Suter Df (5p) 180
Swire (John) 6.7pcPf (£1) 75
Symonds Eng (5p) 14½

T—U—V

TI Gp 5.8pcLn 1989-94 £64 (5/2). 7.7pcLn 1989-94 £75 ½. 9pcLn 1989-94 £82½
Tarmac 6¼pcDb 1989-94 £70½ (3/2). 7½pcDb 1987-92 £80½ (4/2). 7½pcDb 1992-97 £73 4½ (3/2). 8¼pcLn 1990-1995 £79¼ (4/2)
Tate and Lyle 6½pcPf (£1) 56 (5/2). 7¼pcDb 1989-94 £78¼. 6¼pcLn 1985-1990 £80. 7½pcLn 2003-08 £68½. 10½pcLn 2003-08 £91¼. 13pcLn 1994-1999 £131 2 3 (3/2)
Taylor Woodrow 7¼pcLn 1987-90 £83¾ (4/2)
Television South 10pcLn 1997 £125 6 (4/2)
Tenneco 10pcLn 1991-95 £151 (3/2)
Tern Gp 5pcPf 1997-2000 (£1) 105 (31/1)
Tex Hldgs (10p) 150 2
Thomson Organisation 4.72pcPf (£1) 55. 5.83pcPf (£1) 68 70 ½. 21 7pcPf 84. 3pcDb (1964-94) £69 (4/2). 7¼pcLn 1987-92 £76 (4/2)
Thomson T-Line 173
Thorn EMI 5pcLn 2004-09 £46¼◆. 6½pcLn 1985-89 £93¼ (31/1). 7¾pcLn 1989-92 £82. 7¼pcLn 2004-09 £59¼ ½ (5/2). 8½pcLn 1989-94 £84
Tiger Oats 5½pcPf (R2) 102 (4/2)
Tilling (Thomas) 4.55pcPf (£1) 53 (3/2). 5.25pcPf (£1) 61½ (3/2). 8pcDb 1985-1990 £89½. 8½pcLn 1989-94 £91 ½ ¾
Tioxide Gp 11½pcLn 1991-96 £98 (4/2)
Tomkins (FH) 9½pcLn 1994 £181
Tootal Gp 5pcPf (£1) 42½. 4½pcDb £40 (31/1). 7½pcDb 1985-90 £95½ (5/2). 7¼pcLn 1989-94 £75 ½ 6 ¼ (5/2)
Towles (10p) 100 (3/2). A Non Vot (10p) 95
Tozer, Kemsley, Millbourn (Hldgs) 8.5pc Pf (20p) 76
Trafalgar House 7pcDb (£1) 57. 8pcLn 1994-99 £70 (5/2). 9½pcLn 2000-05 £86 (4/2). 2 10½pcLn 2001-06 £88 (4/2)
Transport Development Gp 4.2pcPf (£1) 40 (4/2)
Transworld Corporation ($5) $37 72 (31/1)
Trinity Intntl Hldgs (50p) 229 32 3 4
[illegible] 5pcPf (£1) 42
[illegible] 5pcPf (£1) 390
Trusthouse Forte 6½pcDb 1985-90 £91¼ 2 3. 10.5pcDb 1991-95 £96¼ (5/2). 9½pcLn 1995-2000 £82½ (5/2)
Turner and Newall 10.1pcDb 1990-95 [illegible]. [illegible] 1995-2000 £99 (3/2)
Turriff Con 6½pcLn 1985-88 £92 (5/2)
UBM Gp 7½pcDb 1986-91 £83½ (4/2)
Unigate 6pcPf (£1) 50 (3/2). 7¼pcDb 86-91 £84 (5/2). 9pcLn 91-96 £61 (4/2). 6½pcLn 91-96 £70¼ (5/2). Do. 92-97 £61 (5/2)
Unilever 7pc1stPf (£1) 56 (4/2). 8pc2nd Pf (£1) 64 (4/2). 5½pcLn 91-2006 £83½. 7¾pcLn 91-2006 £70½ ¾ 1 ¼
Union Inter 6pcPf (£1) 49◆. 7pcPf (£1) 55½. 10pcAPf (£1) 75
United Biscuits Wrnts to sub 100 2 3. 8pcDb 93-98 £79¼ (4/2). 5¼pcLn 2003-08 £50¼ (4/2)
Upton (E.) 44
Vantona Viyella 4.9pcPf (£1) 58
Vickers 5pcPf (£1) 41 (4/2). 5pcPf (Tax Free to 3½p) (£1) 60 (5/2)
Victor Products 10pcPf (£1) 98
Victoria Carpet 52½ 5½
Volvo AB B (SKr25) £30¼

W—Y—Z

Walker Staff (5p) 46 (3/2)
Walker (T.) (5p) 26
Warner Communications ($1) £27.7 (3/2)
Warner Holidays 6¼pcPf (£1) 52 (5/2)
Wellman 1pcPf (£1) 102 3 5 6
West Bromwich Spring 11.5pcPf (£1) 55 (5/2)
Westland 7¼pcDb 87-92 £87. 12¼pcDb 2008 £106
Westwood Dawes B (12½p) 390
Whitecroft 4.1pcPf (£1) 47
Wigfalls 7pcPf (£1) 98 (3/2). 6¼pcLn 94-99 £62 (4/2)
Wiggins Teape 6¼pc2ndDb 81-86 £95 (4/2)
Williams 10½pcPf (£1) 116½ (4/2). 5pc Pf (£1) 188 9
Wilson (C.) 8pcPf (£1) 59 (31/1). 10½pc 2ndPf (£1) 104½ (31/1)
Wire Plastic Products (10p) 318 20 2
Woodhead (J.) 9½pcLn 89-94 £84 (5/2)
Woolcombers 7½pcPf (£1) 55 6 (3/2)
Woolworth 14pcLn 87-89 £105. 8½pcLn 2000 £119½ 20 1
Yates (W. E.) 7½pcPf (£1) 42 (4/2)
Yorkshire Chemicals 5pcPf (£1) 40 (3/2). 12½pcLn 87-92 £109 10 (4/2)
Youghal Carpets 8pcPf (Ir£1) 74

FINANCIAL TRUSTS

Akroyd Smithers 555 60 5. Pf 510
American Express ($0.60) £40 ¼ (4/2)
Armour Tst 10½pcLn 91-96 £750
Australian Agricultural (A$0.50) 250 (5/2)
[illegible] Wrts to sub 24
Berkeley Tech ($0.05) 120
Birmingham Dst Inv Tst 4½pcPf (£1) 40½ (4/2)
Britannia Arrow Wrts to sub 35 (4/2). 6¼pcPf (£1) 60½ (4/2). 9pcLn 95-2000 £106 (3/2)
Continental Assets Tst (75p) 540
[illegible] (50p) £15½ (5/2). 5pcPf (50p) 21 (4/2)
Exploration (5p) 68
F C Enterprise Tst Wrts to sub 4 (3/2). Wrts to sub 8 (3/2)
Ferguson (J.) (10p) 22 ¾ 3 ¼ ¾. Do New 25
First National Finance Corp 9½pcLn 1992 £93
First National Secs 12½pcLn 1987 £432 (5/2)
Highcroft Inv Tst 1320
Lilleshall 5¼pcPf 90-92 (£1) 75. 8pcLn 87-90 £88½. 10½pcLn 90-95 £94 (4/2). 12½pcLn 93-98 £103½ (5/2)
Inter Inv Tst Jersey 13pcPf (£1) 930 ½◆
Kellock Tst (5p) 40
Murray Ventures Wrts to sub 47 (4/2)
Pacific Inv Tst 64½ 5 6 ½. Wrts to sub 19 20
Rothschild (J.) Wrts to sub 37 8 9
Stewart Enterprise Wrts to sub 8 (3/2)
Stock Exchange 7¼pcDb 90-95 £77 ¼
Transcontinental Services Gp Wrts to sub 10◆ (4/2)
United Computer Tech Wrts to sub 8 10 (3/2)
Van Diemen's Land A 75 (4/2)
Westpool Inv Tst (50p) 67 (31/1)
Yule Catto 11½pcPf 98-2003 (£1) 118◆

INSURANCE

General Acc Fire Life 7¼pcLn 87-92 £78¼ (3/2). 7¼pcLn 92-97 £77¼
Guardian Royal Exchange 7pcPf (£1) 72½ (31/1). 7pcLn 86-91 £81 ¼ 2
London 4pcPf (£1) 31 (3/2)
Pearl 5pcPf (£1) 71 (4/2)
Scottish Life 7¼pcLn 97-2002 £67 (4/2)

INVESTMENT TRUSTS

Ailsa Invst 5pcPf £46 (5/2)
Alliance 4pcPf £34 (3/2). 4¼pcPf £36½ (31/1)
Anglo-American Secs Con 4pcLn 1988 £435 65 (31/1)
Assoc. Special Situations (wrnts to sub) 20◆
Atlantic Assets 5pcPf (£1) 40 (31/1)
Baillie Gifford Japan (wrnts to sub) 202◆
Baillie Gifford Shin Nippon (wrnts to sub) 42
Bankers Invst 3.5pcPf £43½ (3/2). 4pcDb £28½ (31/1)
British Assets 5pcAPf £41½. 6pc ULS 1995 £102
CsC Invst 165 (4/2)
Charter 1st Agenc. 5pcPf £43 (31/1)
Derby Cap (10p) 113 (31/1). Wrnts to sub 38 (4/2)
Drayton Consolidated 2.8pcPf £35 (31/1). 3.5pcPf £44 (31/1). 4½pcDb £34 (3/2)
Drayton Japan 4pcPf £35 (31/1)
Edinburgh American Assets 6pcLn 1973-1998 820 (5/2)
Edinburgh Financial wrnts to sub 10 (5/2). 13¼pcDb 2003 £114 (3/2)
Edinburgh Invst 3.65pcPfd £42½ (4/2). 7½pcDb 1995 £79¼ (5/2). 11¼pcDb 2014 £101¼ (4/2)
English National Invst Pfd (£1) 138 42 (31/1). Dfd 98 (3/2). 9½pcDb 1991-96 £83
Essex [illegible] 5pcDb (1955 alter) £37 (4/2)
External Invst 8pcLn 2003-08 £113 (31/1)

F and C Eurotrust 5¼pcLn 1996 £180
F and C Pacific Invst wrnts to sub 38 6
[illegible] American 11¼pcLn 2016 [illegible]
First Union General Invst (R0.25) 110
Fleming Japan Invst wrnts to sub [illegible]
Fleming Far Eastern Invst 4pcDb 1976-86 [illegible] (5/2)
Foreign Col Invst 4½pcDb 1982-87 £66 [illegible] 1989-94 £75½ (4/2)
GT Japan Invst 4½pcLn 1987 £380 (4/2)
Gartmore Information [illegible]
General Funds Invst 5pcPf (£1) 42½ (4/2)
German Securities Invst (£1) [illegible]
German Smaller Co's Invst wrnts to sub 7 8
Globe Invst 11¼pcLn 1990-95 £240 2 (5/2)
Govett Enterprise Invst 5½pcPf (£1) 49 (3/2)
Govett Strategic Invst 11¼pcDb 2014 £103¼ (5/2)
Group Investors Option Certs 114 (31/1)
Hambros Invest 6¼pcDb 1981-86 £97¼ (31/1)
Hill (P) Invst 5¼pcPf (£1) 44
Investment Tst Guer (50p) 143
Jersey General Invst 5pcPf (£1) 48
Kleinwort Benson Invst 3½pcDb 1961-86 £36 (31/1)
London St Lawrence Invst (5p) 59 (31/1). 5pcPf (£1) 45 (3/2)
London Strathclyde 5pcPf £48
London Tst 4pcPfd (£1) 50 (5/2)
Merchants Tst 4½pcPf (£1) 39
Murray Income 5pcPf (£1) 42 (5/2)
Murray Intnl 3¼pcDb £26 (4/2)
New Darien Oil wrnts to sub 2
New Tokyo Invst wrnts to sub 100
North Atlantic Securities Cpn 7¼pcLn 1995-96 £292 300 (4/2)
Northern American 3½pcPf £44 (4/2)
Outwich Invst 10pcPf (£1) 116½◆
Plantation 7¼pcLn 2000 £79 80 (4/2)
Rights and Issues Invst (25p) 52 (4/2). 7½pcPf (£1) 81 (31/1)
River Plate General Invst wrnts to sub Dfd 33 (3/2)
Scottish Eastern Invst 12¼pcDb 2012 £106½ 7½ (5/2)
Scottish Invst 3.5pcPfd £45 (5/2)
Scottish Mortgage 5pc-14pc Stepped Db 2020 £119 (31/1)
Second Alliance 4pcPf £38 (3/2)
Securities Tst Scotland 7pcDb 1988-93 £77½ (4/2)
Shires Invst wrnts to sub 31 ½. 11pcLn 2003-04 £107 (3/2)
TR Australia Invst wrnts to sub 98
TR City of London 5pc1stPf £48 (3/2). 5pc2ndPf (£1) 50 (3/2)
TR Industrial General 3½pcDb £25 (4/2). [illegible] 1992-97 £60 ½. 5½pcDb 1982-87 £97½ (3/2)
TR Pacific Basin Inv Wts 342 7. 4½pc Pf (£1) 37◆
TR Technology Invst 5pc Pf (£1) 47
TR Trustees 4½pcPf £35½ (31/1). 6½pc Db 1987-92 £73½ (3/2)
T.T. Finance 11¼pc GtdDb 2018 £38¼ (4/2)
Temple Bar Invest 7pcPf (£1) 61 2 (4/2)
Throgmorton Sec Growth 7½pcDb 1998 £89 (3/2)
Throgmorton Tst 12¼pcDb 2010 £107¼ (4/2)
United States Deb 4½pcPf £57. 5¼pc [illegible] 1999 £55 (5/2)
Vantage Sec (10p) 74 5 (4/2)
Witan Invest 8½pcDb 1996-99 £73½

UNIT TRUSTS

M and G. Inter Inc 55½ (3/2)

MINES—MISCELLANEOUS

Anglo Am Invest (R0.50) £42 (4/2)
Anglo United Dev CumShrNPV 38
Bisichi Tin (10p) 15 (3/2)
Botswana RST (Pu2) 17
Cons Gold Fields 6½pcLn 1987-92 £72½ 5 (5/2). 7¼pcLn 1990-2004 £78½. 8½pcLn 1988-93 £81 ½ 2 (5/2)
De Beers Cons Dfd (R0.05) 470 (5/2)
El Oro Mining (10p) 138 (5/2)
Globe and Phoenix Gold (12½p) 51 (5/2)
Golden Sceptre Res £59
Mhangura Copper (Z1) 13½
Minerals and Res (BD1.40) 520 90
North Kalgurli 75 7 8 (5/2)
Northgate Invest (R0.10) 101 1 (4/2)
Rio Tinto-Zinc (Brs) 33½ 537 (5/2). Accumg £50 3 5. 3.325pc APf (£1) 41. 5½pcLn 1985-90 £91½
Zambia Cons B (K10) 70◆

MINES—SOUTH AFRICAN

Coronation Synd (R0.25) 60 62
DAB Invest (R0.01) 285
Middle Witwatersrand (WA) 8pcPf (R1) 52 8 (4/2)
Trans-Natal Coal (R0.50) 299 (4/2)
Western Deep Levels £14 (3/2)

OIL

British Petroleum 9pc2ndPf (£1) 74 (5/2)
Burmah Oil 7¼pcPf (£1) 61. 8pcPf (£1) 67 (3/2). 7½pcLn 1981-86 £98 ¼
Chevron Corp ($3) £24¼ (5/2)
Dome Petroleum 120
Dickham (Alex) 7pcDb 1987-92 £78
[illegible] £105
Great Western Res 570
Inter Atlantic Res 48
New Court Natural Wts 20
Shell Transport 5½pc1stPf (£1) 47 (5/2). 7pc2ndPf £11 57 ½
Texaco Intnl 4½pc SelgDCnvGtdLn 1981-1999 £55◆

PROPERTY

Alliance Prop 9½pcDb 1992-97 £80½
Allied London Prop 10pcPf (£1) 115 [illegible] 10¼pc1stMtgDb 2025 £22½ ¼. 8¼pcCnvLn 1999 £173 5 (4/2)
Argyle Sec 12pcDb 1993-98 £100½ 2¼
Bampton 8½pcLn 2002-07 £66 (5/2)
Bampton Prop Grp 7¼pcLn (1991-96) £69 (31/1)
Bradford Prop 10½pcPf (£1) 122◆
Capital and Counties 9¼pcLn 1991-96 £88
Centrovincial Est 6¼pcLn 1988-93 £75
Charlwood Alliance 8¼pc1stMtgDb 1995-98 £77½ (3/2). 7½pcLn (50p) 30½ (3/2)
Colman (E.Alec) 8pcLn 1991-96 £60½ (3/2)
Crapton Comb 8¼pc1stMtgDb 1986-91 £78½ (5/2)
Estates and Agency 11.25pc1stMtgDb 20[illegible] £97¼ (31/1)
Gable House Prop 10¼pcCnvLn 1995-99 £163 (5/2)
Green Prop (Ir0.25) 75 7 82
Greycoat Grp 12.85pcLn 1990-92 £108½
Hammerson Prop 470
Haslemere Est 10½pc1stMtgDb 2016 £92½ (3/2). 5pcCnvLn 2001-06 £124½. 9½pcCnvLn 1990-95 £213 5 (5/2)
Land Securities 6pc1stMtgDb 1988-93 £75½. 7¼pc1stMtgDb 1991-96 £75 (3/2). 9pc1stMtgDb 1996-2001 £85½. 10pc1stMtgDb 2025 £90¼. 6¼pcLn 19[illegible]-97 £72½. 8½pcLn 1992-97 £82
Lewis (John) Properties 8¼pcDb 1993-97 £85¼
London County Free and Leas Prop 3¼pc1stDb (50/89) £85 (31/1)
London Shop Property Trust 8¼pcLn 19[illegible]-97 £78 (5/2). 11.625pc1stDb 2018 £104 (4/2). 9pcLn 1994-99 £160. 9pc2ndLn 1994-99 £160 2. 9.25pcLn 1999-2004 (Fp.Pal. 27.3.86) £106½ (4/2). 9.25pcLn 1999-2004 (NilPd 19.2.86) £4 ½ 5 ½
MEPC 4pc1stDb (62-96) £89. 10½pc1stDb 2024 £96¼◆. 12pc1stDb 2017 £198½ (4/2). 6pcLn 2000-05 £73½ 4. 6½pcLn 95-2000 £98½
Marlborough Property Hldgs 10pcLn 1995-2002 £148
Merivale Moor (5p) 124
Mountleigh Group 9½pcLn 2005 £195 6
Micklow (A and J) Group 6¼pc1stDb 1989-94 £75◆
Palmerston Investment Trust 535½ 7½ (5/2)
Peachey Property Corp 6¼pc1stDb 1983-88 £95 (3/2). 10.75pc1stDb 2015 (Fp A 21/2/85) £94¼ (5/2)
Peel Hldgs 10pcPf (50p) 57
Property Hldg and Inv Trust 8½pcLn 2001-06 £120 (5/2)
Purlit Property Hldgs 8¼pc Ln 1997 £78 (4/2)
Rosehaugh Greycoat Estates 11pc1stDb 2024 (£40Pd 26/2/86) £37¼ ½ ¾
Tharsis Company 103 (4/2)
Town and City Properties 7¼pc1stDb 1991-96 £72 (31/1). 8pcLn 1997-99 £74 (31/1)
Town Centre Securities 9pcLn 1996-2002 £[illegible]
United Kingdom Property 8½pcLn 2000-05 £74
Warner Estate Hldgs 10½pcPf (£1) 121½
Wates City of London Properties 135 6

PLANTATIONS

Anglo-Eastern Plantations Warrants 17 (4/2). 12½pcLn 1995-99 £80 (4/2)
Anglo-Indonesian Corp 9½pcPf (£1) 220◆
Dunlop Plantations 6pcPf (£1) 49 (3/2)
Fltg. Rate Ln. 1985-88 £87◆
Jitra Rubber Plantations (10p) 44
McLeod Russel 7pcLn 1986-91 £70 (3/2)
Roo Estates Hldgs 500
Williamson Tea Hldgs 6pcPf (£1) 99 100 (4/2)

RAILWAYS

CSX Corp ($1) 534½
Canadian Pacific (Iss Ldn) (Interch transfr of NPV £9. 4pcPf 47 (4/2). 4pcPf 44 (3/2). 4pcDb £33¼
Fishguard and Rosslare Rlys and Hbrs 3½pcPf £25 (31/1)
New Brunswick Railway 4pcDb £30 (31/1)
Ontario and Quebec Railway 5pcDb £55

SHIPPING

Central London £50 (5/2)
Common Bros (50p) 7½
Peninsular and Oriental Steam Nav 5pcPf £42. Warrants 98 (31/1)
S'thampton, IOW and SOE RM Steam Pkt (50p) 232
Turnbull Scott Hldgs A (£1) 373

UTILITIES

Bristol Channel Ship Repairers (10p) 5 ¼ ½
British Columbia Electric 4¼pcBdsSerAd (due 1988) SC100 £35 (4/2)
Calcutta Electric Suply Corp (India) Equity au1/9 60 (5/2)
Manchester Ship Canal 5pcPf (£1) 160
Mersey Docks and Harbour Comb Units 54 6. 3¾pcDb 1973-89 £72 ½. 3½pcDb 1979-89 £68 (31/1). 6¾pcDb 1994-97 £52. 6¼pcDb 1996-99 £61 2

WATERWORKS

Bristol Waterworks 3.5pcPf £39 (4/2)
Cambridge Water 3.5pc £39 41 (31/1). 4pcDb £30 (31/1)
Colne Valley Water 3.5pc £40. A 7pc £46. 4.025pcPf 1988-93 £69◆. 4pcDb £31½ (3/2)
East Anglian Water 7¼pcDb 1991-92 £62½◆. 9pcDb 1992-94 £86 (31/1). 11.50pcDb 1995-97 £99½ (3/2)
East Surrey Water B 4.9pc £51 3 (31/1). 7pcDb 1989-91 £77½ (4/2)
East Worcestershire Waterworks 7pc (£10) 700 (4/2)
Eastbourne Waterworks 7½pcDb 1990-92 £80 (5/2)
Essex 3.5pc New £41 (4/2). 3.5pcPf £38½ (5/2). 4pcPerpDb £2[illegible]. 5pcPerp Db £40 (3/2). 11.20pcDb 2005-09 £97¼ (3/2). 11.50pcDb 1995-97 £59 (3/2)
Folkestone District 4.9pc MaxNew (£10) 400 (31/1)
Lee Valley 2.8pcPf £27 (31/1)
Mid Kent 3.5pc ConsOrd £36½ 40½ (3/2). 3.5pcMaxOrd £39¼
Mid-Southern 3.5pc £39½ 41 (31/1)
Mid-Sussex 4.9pcMaxAddlOrd £53 (5/2)
Newcastle Gateshead 4.9pcMaxOrd 1189◆ £49½ 53½ (3/2)
North Surrey 3.5pcPf £39◆. 5.425pcPf 1986-88 £92 (3/2)
Portsmouth 3.5pc £38 (5/2). 3pcPerpDb £26½ (3/2). 3½pcPerpDb £28¼ (3/2). 14pcDb 1992 £112½
South Staffordshire 4.9pc Class B £52 [illegible]. 4.2pcPf 1983-88 £84½ (3/2). 5pcPerm Db £41 (3/2). 7¼pcDb 1991-96 £77
Sunderland South Shields 2.8pcPf £27

UNLISTED SECURITIES MARKET

American Electronic Components (5p) 27
Applied Holographics Wts sub Ord 205 (4/2)
Biomechanics Intnl (10p) 26 8 (5/2). 8pc CnvLn 1991 £130 (5/2)
Brockmount New 174
Cannon Street Invsts 7.7pcCnvPf 1994-98 383
Chancery Secs 72 3 ½ ¾ 4½ 4 ¼ 5½ ¼
Chart Foulks-Lynch (5p) 27 (4/2)
Cobra Emerald Mines Shs nov 86 90
Continental Microwave (Hldgs) 6.0pcCnv Pf 2005 (£1) 100 (4/2)
Cowells 95 7 100
Cramphorn (50p) 365 (3/2)
Craysvik Mill Gp (10p) 106 8
Crusts (5p) Ex Div 80
Dunton Gp 12pcCnvPf (1997-2002) (£1) 290 (5/2)
Eldridge Pope A (Rest Vtg) (£1) 275
Gibbs Mew 125
Gould (Laurence) 113
Hampden Homecare (10p) 61 (4/2)
Heavitree Brew 395 (5/2). A LimVtgOrd 307 19 (4/2)
Horne (Robt) Gp N-Vtg A (20p) 142◆
Hunterprint Gp 8½pcCnvPf (£1) 94 (5/2)
Intervision Video (Hldgs) (10p) 4 ½. 7pcCnvPf (£1) 20
Jacques Vert (10p) 121◆
Kenyon Secs 265½
Memory Computer 7.8pcCnvPf 1994-98 (Ir£1) 110 (3/2)
Metal Bulletin (10p) 133 (4/2)
Microsystems Gp (10p) Ex Cap 129 (31/1). New (10p) 125 7 8
Midsummer Inns (50p) 300
Merks Crane (10p) 91
Norank Systems (5p) 98 9 100
Paul Michael Leisurewear (5p) 11
Pavion Intnl 11pcCnvLn 1994-2002 £106 10½ 10 ½ 3½
Per-form (10p) 85 8 (4/2)
Perkins (John) Meats (10p) 25 (31/1)
Property Tst (10p) 4¾
SAC Intnl (10p) 117
Siemex Intnl New 85 (4/2)
Sterling Publishing Gp (5p) 73
TMD Advertising Hldgs (5p) 124½ 7½ 7 ½ 8 30½
Technolan SA (FF100) £199½ 200½ (5/2)
Technology for Business 7pcCnvPf (£1) 119 (4/2)
Utd Friendly Insurance B (RestVtg) (10p) 455 (3/2)
West York Independent Hospital (50p) 75 8 (5/2)
Wickes New (40p) 139 40 ½ 1

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI International 152◆ 4◆
Aberfoyle 435◆ 10
Abitibi-Price £11½◆ (5/2)
Acorn Securities 14◆ (5/2)
[illegible] 5 7 (31/1)
Amatil 317◆ (5/2)
American Home Products £49⅞
Amoco Corp £40½ (4/2)
Ampol 120◆ 2
Ampol Exploration 105◆ (31/1)
Amsterdam-Rotterdam Bank £29⅛
APM Ord 165
Apple Computer Co £17½◆ (3/2)
Ashton Mining 64◆ 6 (5/2)
Aust. Development 9 (31/1)
Aust. Oil Gas 82 (31/1)
Bass Strait Oil Gas 8◆ (31/1)
Bayerische Motoren Werke £188½◆
Bayerische Vereinsbank DM 510◆ (5/2)
Beach Petroleum 36◆ (4/2)
Beatrice Cos Inc US$45⅛ (4/2)
Bell Group 355 (5/2)
Boral Ord Stk 17⅞ 8 (4/2)
Brambles Industries 233 (31/1)
Campbell Red Lake Mines £15¼ (3/2)
Cape Range Oil 2 (3/2)
Central Norseman Gold 345◆ 50◆ (5/2)
Cheung Kong (Hldgs) 184 (4/2)
Command Services Corp 77 (31/1)
[illegible]
Cons International Petroleum 125◆ (4/2)
Cons Resources 3⅝◆ ½
Coopervision Inc Com US$25◆
Daimler-Benz (DM 50) £410.20
Darty FF20 £[illegible]
Development Bank of Singapore 145 51 (3/2)
Diamond Shamrock Corp 940 (4/2)
Digital Equipment £110¾
Disney (Walt) Productions £82½◆ (31/1)
Domtar £11⅝ (5/2)
Dresdner Bank £[illegible] US$169¾
Eastern Asia Navigation Co 7½◆ (4/2)
Eastman Kodak £29◆ 33½ 4⅛
Freeport-McMoran Inc £11½◆ (31/1)
General Mills US$51½ (31/1)
Gist-Brocades US$134½◆ (4/2)
Greenbushes Tin 32 (3/2)
Grumman Corp £19⅞
Hang Seng Bank 410◆ (4/2)
[illegible]
Haw Par Bros Int (Hong Kong Reg) 59◆ (31/1)
Hecla Mining £10⅛ (4/2)
Heineken NV £85½◆ (4/2)
Hewlett-Packard £27½◆
Hitachi 290◆
Hong Kong Electric Hldgs 7[illegible] (31/1)
Hong Kong Telephone 1[illegible] (5/2)
Hunter Resources 30◆ 28 (4/2)
Hoesch AG £133½◆
Hysan Development 5 (5/2)
ICI Australia 110◆ 5 (5/2)
Industrial Equity 270
James Resources 115
Jardine Securities 174◆ (3/2)
Jim Walter Corp £30⅛
Johnson Johnson £36½ (5/2)
KLM (Koninklijke Luchtvaart Mij) £16.80◆ (4/2)
Karstadt AG £108◆
Kaufhof AG DM 410
Kern Corp 173◆
Kollmorgen Corp £10.45 (4/2)
Kulim Malaysia Ord 35 6
Lac Minerals £17 (4/2)
Lambda Technology 51½ (31/1)
Laurel Bay Petroleum 80 (4/2)
Litton Industries £47 (3/2)
Mannesman AG DM 293½ (5/2)
MCA Inc Com Stk £33½ (3/2)
McCarthy Group 105◆ (5/2)
McPhersons Ord 115
Minnesota Mining Manufacturing US$89◆ [illegible]
Moet-Hennessey £220◆ 2 (5/2)
Mount Carrington Mines 36 (4/2)
National Electronics (Consolidated) 5¼◆ [illegible]
Nationale-Nederlanden CVA (Fl 2.5) Fl 210 80
New Zealand Goldfields 200 5 (5/2)
News Corp 555 (31/1)
Nicholas Kiwi Australasia 143 (4/2)
Noranda Inc 750 (4/2)
Norsat International 42◆
North Flinders Mines 145◆ (31/1)
Oil Search 15 16¼ ½ 17
Oilmet Resources 29◆ 40 (4/2)
[illegible]
Oil Search New [illegible] 40 3 ¼ ½
Pan Am Corp 615 (5/2)
Paragon Resources 9½ (5/2)
Penn Central Corp £39½◆
Pepsico Inc £54⅛ (3/2)
Petro Energy 71◆ (31/1)
Peugeot SA £58½◆ (4/2)
Phillips Petroleum 700 (5/2)
[illegible]
Planet Resources Group 3½ (4/2)
Poseidon 136◆ 7
Regal Hotels (Hldgs) 11◆
Renco 760 (31/1)
Redmond £35½◆
Royal Trustco Class A Cnv £11½◆ (31/1)
Santa Fe Southern Pacific Corp US$37
Scientific-Atlanta £12½◆
Selangor Coconuts 50◆ (4/2)
Siemens AG £[illegible] 90 40¼ DM 799
Singapore Land 570 (3/2)
Sonora Gold Corp 262½
Standard Oil of Ohio £[illegible] (3/2)
Sterling Class A Cnv £12½◆ (5/2)
Storage Technology Corp 250 (31/1)
Strategic Minerals Corp 12◆ (5/2)
Sun Hung Kai Properties 108◆ (31/1)
[illegible]
Tandem Resources 100 (3/2)
Target Petroleum Ord 5 7½ (5/2)
Tarl Corp B 59¾ 9½ (5/2)
Terrex Resources 15◆ (4/2)
Texas Oil Gas £9½◆ (5/2)
Thyssen AG £57 (5/2)
Tri-Continental Corp £20½◆ (5/2)
Unilever NV (Fl 20) £101½◆
Union Pacific Corp £35½◆ (31/1)
Vam 17 (4/2)
Vamgas 173 (4/2)
Veba AG DM 284½ (5/2)
Volkswagenwerk AG DM 557◆ 42◆
Waste Management £23⅞ (4/2)
Westcoast Transmission £7¼◆ (3/2)
Westinghouse Electric £37¾
Woodside Petroleum 55 (5/2)
Woolworth (A $0.50) 171 (5/2)
World International (Hldgs) 21 (4/2)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

ABL Comp Tech 82 3 4 (31/1)
Adnams B (£1) £18.40 60 (5/2)
Airship Inds 25½ 6 ½. Do. (1p) 26 ½
All England Lawn Tennis Gnd £500 Db 1986-90 £14 590 600 (4/2)
Amal Metal Corp 5.4pc Pf (£1) 22 7
Appleton (10p) 16 (5/2)
Astra Hldgs 195 (5/2)
Barbican Hldgs (1p) 3½ ¾ 4
Cambridge Instr (5p) 120 (31/1)
Clucas Cleaners (£1) 105 (3/2)
Corton Beach (10p) 40 1 (31/1)
Dawson (Wm) (10p) 410 2 (31/1)
Ecclesiastical Insurance Office 2.8pc Pf (£1) 21 5 6 (4/2)
Explaura Hldgs (5p) 5 ¼ ½ ¾ 6¼ ½
Fredericks Place (£1) 125¼
Goodrich (Edmund) Hldgs (£1) 249 50 (5/2)
Greenstar Hotels (10p) 35 ½ 6 7 (5/2)
Guernsey Gas Light (£1) 280 (4/2)
Hard Rock Cafe (2p) 65 8 (3/2)
Home Brewery 755 60 (4/2)
Integrated Business (5p) 100 3 6 (31/1)
Jennings Bros 190 205
Jersey Canning 6pc Pf (£1) 31 (31/1)
Jersey Elec 3½pcPf (£1) 28
Jersey Gas 5pcPf (£1) 25 (3/2). 5pcAPf (£1) 38 (3/2)
Jersey New Waterworks 10pcMtgDb 1988-90 90. 12pcDb 1985-87 £100. 2pcdthPf (£5) 80. 3¼pc2ndPf (£5) 140
Kay's Atlas Brewery 5pcPf (£10) 330 50 (4/2)
Kunick Leisure (10p) 40 ½ 3⅝ 4
Le Riches Stores (£1) 560 64 (4/2). 3pc Db 1[illegible] £25. 5pcPf (£1) 39
Lo[illegible] Exploration (£1) 45
Manchester Utd FC (£1) 385 90
Manx and Overseas Inv Tst (25p) 14 31 1
Merrett (10p) 230 1½ (5/2)
Mid-Kent Water 7¼pcDb £15 17 (5/2)
Midland City Partnerships (10p) 210 11
Neill (James) 4.2pcPf (£1) 31 2 (4/2)
Oldham Ests (50p) 90½◆ 1
Oodles (12p) 18½ 3
Panther Secs 6pcPf (£1) 34½ 5 (31/1)
Portsmouth Water 4pcDb £18 20 (5/2)
Rangers FC (£1) £12.50 (5/2)
Sefton Hotel (£1) [illegible] (4/2)
Seymours 4pcPf (£1) 47
Shepherd Neame (£1) 530 5 (5/2)
Southern Newspapers (£1) 298 18
Tiddale Invs (10p) 5½ 6½ (5/2)
Thwaites Daniel (£1) 615 20 (5/2)
Uto Tst Credit (£1) 430 2 (3/2)
Winchester A N-Vtg 175 7 (5/2)
Wistech (1p) 16 8 (5/2)
Winstay Props 142

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration (I£0.25) 4
North West Oil Gas (25p) 8 (5/2)

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

For Aitken Hume see Sentinel Funds Mngmt Ltd

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL (0793) 610366 & 28291

Anthony Wieler Unit Tst. Mgmt. Ltd
19 Widegate St, London E1 7HP 01-377 1010

Arbuthnot Securities Ltd (a)(c)
131 Finsbury Pavement, EC2A 1AY 01-628 9876

Archway Unit Tst. Mgs. Ltd(a)(c)
31 Sun Street, London EC2M 2PY 0708 45322

Arkwright Management
1 King St, Manchester M60 3AH 061-834 2332

Atlanta Unit Managers Ltd
46 Moorgate, London EC2R 6EL 01-638 1711

Baillie Gifford & Co Ltd
3 Glenfinlas St, Edinburgh 031-226 6066

Baltic Trust Managers Ltd
25/26 Albemarle St, London W1X 4AD
01-491 0295

Barclays Unicorn Ltd(a)(c)(g)
Unicorn Ho. 252 Romford Rd, E7 01-534 5544

Baring Fund Managers Ltd
PO Box 156, Beckenham, Kent BR3 4XQ 01-658 9002

Barrington Mgmt Co Ltd (z)
59 Gresham St, London EC2P 2DS 01-606 4433

Bishopsgate Progressive Mgmt. Co
15 St James' Place, London SW1A 1PW 01-493 8111

Brewin Dolphin Unit Tst Mngrs Ltd
5 Giltspur St, London EC1A 9DE 01-248 4400

Bridge Fund Managers (a)(c)
Regis House, King William St, EC4 01-623 4951

Britannia Unit Trust Managers Ltd. (a)(c)(g)
74-78 Finsbury Pavement, London EC2A 1JD
01-588 2777 Dealing: 01 638 0478/0479

Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

Bryceart Unit Trust Mgmt Ltd(a)(c)(d)
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382

Buckmaster Management Co Ltd (a)(c)
The Stock Exchange, London EC2P 2JT 01-588 2868

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY 01-242 1148

Canada Life Unit Trust Mngrs. Ltd
2-6 High St, Potters Bar, Herts P Bar 51122

Cannon Fund Managers Ltd (z)
1 Olympic Way, Wembley, HA9 0NB 01-902 8876

Capel (James) Mngt. Ltd
100 Old Broad St, EC2N 1BQ 01-621 0011
Prices on Feb 5 Next dealing Feb 12.

Cater Allen Unit Tst Managers
1 King William St, EC4N 7AU 01-623 6314

Cent. Bd. of Fin. of Church of England††
77 London Wall, London EC2N 1DB 01-588 1815

Charinco Charities N/R Fund††
15 Moorgate, London, EC2 01-638 4121

Charities Official Invest. Fund††
77 London Wall, London EC2N 1DB 01-588 1815

Clerical Medical Unit Trust Managers Ltd
Narrow Plain, Bristol BS2 0JH (0272) 277719

County Bank UT Ltd
161 Cheapside, London EC2V 6EU 01-726 1999

Crown Unit Trust Services Ltd
Crown House, Woking GU21 1XW 04862 24933

Darlington Unit Trust Mngt. Ltd
Darlington, Totnes, Devon TQ9 6JE 0803 862271

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU 01-638 4485

Drummond Fund Mangt Ltd
Regis House, King William St, EC4A 9AR 01-623 4951

Dunedin Unit Tst Mngrs Ltd
3 Charlotte Sq, Edinburgh EH2 4DS 031-225 4571

EFM Unit Trust Managers Ltd
4 Melville Crescent, Edinburgh 031-226 3492

Eagle Star Unit Mngrs Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

The English Trust Group PLC
4 Fore Street, London, EC2 01-920 9120

Enterprise Fund Managers Ltd
2 St Mary Axe, London EC3A 8BP 01-623 1212

Equitable Units Administration Ltd
35 Fountain St, Manchester M2 2AF 061-236 5685

Equity & Law Un. Tr. M. (a)(c)
St Georges Hse, Corporation St, Coventry 0203 553231

F & C Unit Management
1 Laurence Pountney Hill, EC4R 0BA 01-623 4680

FS Investment Managers Ltd
190 West George St, Glasgow 041-332 6462

Fidelity International Management Ltd
River Walk, Tonbridge TN9 1DY 0732 361144

Robert Fleming & Co Ltd
8 Crosby Sq, London EC3A 6AN 01-638 5858

Framlington Group (a)
3 London Wall Bldgs, EC2M 5NQ 01-628 5181

Robert Fraser Trust Mgt. Ltd
29 Albemarle St, London W1 01-493 3211

Friends Prov. Trust Managers (a)(b)(c)
Pixham End, Dorking Tel: 0306 885055

Funds in Court*
Public Trustee, Kingsway, WC2 01-405 4300

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood 0277 227300

GT Unit Managers Ltd
8th Floor, 8 Devonshire Sq, London EC2M 4YJ
01-283 2575 Dealing: 01-626 9431

Gartmore Fund Managers (a)(c)(g)
2 St Mary Axe, London EC3A 8BP 01-623 1212
Dealing only: 01-623 5766/5806

Global Asset Management
GAM Sterling Management Ltd
12 St James's Place, London SW1 01-493 9990
*Unauthorised

Gavett (John) Unit Mngt. Ltd
Winchester House, 77 London Wall, EC2 01-588 5620
Dealing: 01-588 0526

Granville Unit Tst Mngmt Ltd
8 Lovat Lane, London EC3 8DT 01-621 1212

Gresham Unit Trust Managers
9-17 Perrymount Rd, Haywards Heath 0444 416581-2

Grofund Managers Limited
Princes Hall, 8/9 Austin Friars, EC2N 2AE 01-588 5317

Guardian Royal Ex. Unit Mgrs. Ltd (a)
Royal Exchange, London EC3V 3LS 01-688 9903

Guild Management Limited
12a Finsbury Sq, London EC2A 1LT 01-628 6050

Guinness Mahon Unit Trust Managers Ltd
PO Box 442, 32 St Mary-at-Hill, EC3 01-623 9333

Hambro Generali Fund Managers Ltd (g)
Premier U.T. Admin., 5, Rayleigh Rd, Hutton, Brentwood, Essex 0277 217916

Hambros Bank Unit Trust Managers Ltd (g)
Premier UT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex 0277 217916

Henderson Administration (a)(b)(c)
Premier UT Admin, 5 Rayleigh Road, Hutton, Brentwood, Essex 0277 217238

Heritable Unit Trust Managers Ltd
52 Berkeley Square, London W1X 6EH 01-493 6621

[illegible] Unit Trust Managers Ltd
30 Friar St, Reading, Berks 0734 595511

Hexagon Services Ltd
28 Western Rd, Romford RM1 3LB 0708 45322

Hill Samuel Unit Tst. Mgrs.† (a)
NLA Tower Addiscombe Road, Croydon 01-686 4355

IBI Fund Managers Ltd (a)
32 Queen Anne's Gate, London SW1H 9AB 01-222 1000

Key Fund Managers Ltd (a)(g)
35 Fountain St, Manchester M2 2AF 061-236 5685

Kleinwort Benson Unit Managers
20 Fenchurch St, London EC3 01-623 8000

LAS Unit Trust Managers Ltd
93 George St, Edinburgh EH2 3JL 031-225 4908

L & C Unit Trust Management Ltd
Piercy House, Copthall Ave, EC2R 7BE 01-588 2800

Laurentian Unit Tst Mngmt Ltd
Imperial Life Hse, London Rd, Guildford 0483 503649

Lawson Fund Managers Ltd (a)(c)(g)
43 Charlotte Sq, Edinburgh EH2 031-225 6001

Lazard Brothers & Co Ltd
21 Moorfields, London EC2P 2HT 01-588 2721

Legal & General (Unit Tst. Mngrs.) Ltd
5 Rayleigh Rd, Brentwood 0277 234634

Leonine Administration Ltd
20 Copthall Ave, London EC2R 7JS 01-600 7595

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)
Registrar's Dept, Goring-by-Sea, Worthing, W Sussex
0903 502541 Dealing 0444 459144

Lloyd's Life Unit Tst. Mngrs. Ltd
2 St Mary Axe, EC3A 8BP 01-920 0311

Local Authorities' Mutual Invest. Tst.*
77 London Wall, EC2N 1DB 01-588 1815
*Unauthorised. Available only to Local Authorities

London & Manchester (Tst Mgmt) Ltd
Winslade Park, Exeter EX5 1DS 0392 215947

London Law Unit Trust Mngt. Ltd
Bailey House, Old Seacoal Lane, EC4 01-236 6105

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588
Unit Dealing 01-283 5362

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

MLA Unit Trust Management
99-100 Sandling Rd, Maidstone 0622 674751

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Mayflower Management Co Ltd
14-18 Gresham St, London EC2V 7AU 01-606 8099

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mercury Fund Managers Ltd
33 King William St, EC4R 9AS 01-280 2860

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 79842

MIM Unit Tst Mngrs Ltd
11 Devonshire Square, London EC2M 4YR
01-626 3434 Dealing 01-623 4273

Minster Fund Managers Ltd
Minster House, Arthur St, EC4R 9BH 01-623 1050

Murray Johnstone UT Mgmt. (a)
163 Hope Street, Glasgow G2 2UH 041-221 9252
*Unauthorised

NFU Mutual Unit Managers Ltd
55 Fountain St, Manchester M2 2AF 061-236 5685

National Provident Inv Mgrs Ltd
48 Gracechurch St, EC3P 3HH 01-623 4200

Northgate Unit Trust Managers Ltd (c)(y)
3 London Wall Bldgs, EC2M 5PU 01-638 1212

Norwich Union Insurance Group (b)
PO Box 4, Norwich NR1 3NG 0603 622200

Octavian Unit Trust Mgrs Ltd
84 Fenchurch St, London EC3M 4BY 01-265 0371

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	122.3	130.9xd	-0.9	1.00
Income & Growth	47.5	50.5	+0.6	2.90
Special Situations	68.6	73.4	-0.6	2.10
American Growth	32.1	34.1	.....	3.10
Japan Growth	38.6	41.1	-0.2	0.00
European Growth	52.4	56.1xd	-0.2	2.90
UK Growth	45.5	48.7	+0.3	1.30
Pacific Growth	33.6	36.0	.....	0.70
High Income	29.1	31.2	.....	8.10
Practical Income Units	45.5	48.4	+0.2	2.70
Practical Accum. Units	81.8	87.1	+0.5	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	76.2	81.1	+0.5	2.81
Accum Units	112.7	119.9	+0.7	2.81
Pearl Inc.	102.4	108.9	+1.1	4.58
Pearl Unit Tst.	108.5	115.4	+1.1	3.61
(Accum. Units)	185.7	197.6	+1.8	3.61
Pearl Intl Equity	108.3	115.2	-0.2	1.74
(Accum Units)	108.3	115.2	-0.2	1.74

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	230.2	247.0	-0.4	1.31
Income	161.8	173.3	+1.2	5.29
Worldwide Recovery	128.9	138.4	-0.1	1.99
American Growth	65.1	69.9	-0.1	1.01
Intl. Emerging Cos.	69.5	74.6	.	0.68
Far East Growth Fd.	56.2	60.3	.	1.12
European Growth Fd.	—	50.0	.	—

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	51.9	52.2xd	-0.2	5.42
Prolific Far East	124.1	133.4	+0.7	0.27
Prolific Extra Inc.	71.1	75.4	+0.5	5.24
Prolific G'vert & Gilt	84.1	89.3	+0.5	7.06
Prolific High Inc.	152.4	161.6	+1.1	4.92
Prolific Intl.	95.5	102.5	+0.1	1.68
Prolific N. Amer.	128.5	138.2	+0.4	2.30
Prolific Spec. Sits.	170.0	180.3	+1.3	0.98
Prolific Technology	108.5	116.7	.....	0.58

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	58.4	62.2	-0.6	0.00
Japan Acc.	58.6	62.4	-0.6	0.00
Worldwide Inc.	60.3	64.2	—	1.52
Worldwide Acc.	60.9	64.8	.....	1.52
European Tst Inc.	74.2	79.0	-0.6	0.68
European Tst Acc.	74.4	79.2	-0.7	0.68
North American Inc.	53.0	56.4xd	-0.3	1.73
North American Acc.	53.6	57.1	-0.3	1.73
UK Equity Inc.	56.4	60.0	-0.1	2.70
UK Equity Acc.	57.8	61.5	.....	2.70

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	48.9	52.4	+0.2	2.36
PM Income and Growth	58.4	61.8	+0.3	5.33

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh

American Fund	207.7
(Accum. Units)	233.2
(Withdrawal Units)	150.3
Australian Fund	116.4
(Accum. Units)	117.6
British Fund	505.7
(Accum. Units)	673.0
European Fund	231.4
(Accum. Units)	243.6
Japan Fund	238.4
(Accum. Units)	239.1
Saints PPP	143.6

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham

Equity Tst.	342.2
North America	54.0
Far East	57.7

Sun Life Trust Mngt. Ltd
107 Cheapside, London EC2V 6DU

American Growth Acc.	26.9
American Income Acc.	27.2
American Income Inc.	26.8
European Growth Acc.	42.5
Far East Growth Acc.	31.0
Int. Growth Acc.	78.9
Japan Growth Acc.	37.7
UK Growth Acc.	31.2
UK Income Acc.	27.5
UK Income Inc.	27.0
Managed Growth Acc.	33.9
Managed High Yield Inc.	32.8
Managed Income Inc.	28.8

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks

Equity Dist.*	238.9
Equity Acc.*	267.3
Fixed Int. Dist.†	112.8
Fixed Int. Acc.†	165.4

*Prices on Feb 3. Next dealing Feb 17
†Prices on Feb 5. Next dealing March 5

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188

TSB American	107.2
Do. Accum.	111.6
TSB Extra Income	94.8
Do. Accum.	109.1
TSB General	170.0
Do. Accum.	226.0
TSB Gilt & Fxd Int.	45.5
Do. Accum.	58.2
TSB Income	185.9
Do. Accum.	285.9
TSB Pacific	119.4
Do. Accum.	122.4
TSB International	264.4
Do. Accum.	324.4
TSB Natural Resources	84.4
Do. Accum.	85.4

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int. Dep. Acc.	213.1	224.4	.....	—
Equity Acc.	562.4	592.1	.....	—
Property Acc.	309.6	325.9	.....	—
Far East Acc.	115.0	121.1	.....	—
Managed Cap.	283.7	298.7	.....	—
Managed Acc.	456.7	480.8	.....	—
O'seas Earnings Acc.	370.5	390.0	.....	—
Gilt Edged Acc.	243.3	256.2	.....	—
American Equity Acc.	337.4	355.2	.....	—
American Man Acc.	162.6	173.3	.....	—
American Prop Acc.	123.6	130.2	.....	—
Pen.F.I.Dep.Cap.	234.6	247.0	.....	—
Pen.F.I.Dep.Acc.	357.3	376.2	.....	—
Pen. Prop. Cap.	375.9	395.7	.....	—
Pen. Prop. Acc.	632.8	666.2	.....	—
Pen. Man. Cap.	569.6	599.6	.....	—
Pen. Man. Acc.	957.6	1008.1	.....	—
Pen.Gilt Edg.Cap.	247.5	260.6	.....	—

Confederation Life Insurance Co
50 Chancery Lane, WC2A 1HE 01-242 0282

Life Funds

Managed Fund	513.7	540.7	.....	—
Equity Fund	597.7	629.1	.....	—
International Fund	196.8	207.1	.....	—
Fixed Interest Fund	167.8	176.6	.....	—
Property Fund	121.4	127.7	.....	—
Index Linked Fund	106.1	111.6	.....	—
Cash Deposit Fund	122.1	128.5	.....	—
PIP Fund		1,617.5	.....	—

Individual Pension Funds

Personal Pen. Managed	310.5	326.8	.....	—
Staffguard Managed Pen.	310.5	326.8	.....	—

Group Pension Funds

Group Mixed Pension	827.5	.....	—
Equity Pension	1344.2	.....	—
International Pension	269.8	.....	—
Fixed Interest Pension	632.6	.....	—
Property Pension	404.3	.....	—

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY 01-488 0733

Hambro Generali UKGth.	96.4	101.5	+0.4	—
Hambro Generali Ppty.	96.1	101.2	-0.1	—
Hambros Canadian	101.1	106.5	-0.6	—
Hambros Equity Inc.	98.8	104.0	+0.9	—
Hambros European	115.6	121.7	+1.9	—
Hambros High Income	99.3	104.6	+1.1	—
Hambros Jap & Far East	109.1	114.9	+2.7	—
Hambros Nth American	108.3	114.0	+2.7	—
Hambros Res & Assets	97.9	103.0	-0.2	—
Hambros Scandinavian	107.0	112.7	+2.0	—
Hambros Smaller Cos.	99.5	104.6	+2.0	—
Generali Intnl Managed	256.1	269.6	+8.4	—
Generali Int Mgd Pens	95.0	100.0	.....	—
Generali Cash	96.0	101.1	.....	—

General Portfolio Life Ins. Plc
Crossbrook St, Cheshunt, Herts 0992 31971

Portfolio Fd Acc.	357.6	357.6	+1.3	—

Legal & General (UA)—Contd.

European Initial	111.4	117.3	-0.6	—
Do. Accum	112.6	118.6	-0.6	—
Far Eastern	111.4	117.3	-1.1	—
Do. Accum	112.6	118.6	-1.0	—
Fixed Initial	225.2	237.1	+0.9	—
Do. Accum.	294.2	309.7	+1.2	—
Index Linked Gilt	93.4	98.4	+0.1	—
Do. Accum.	104.1	109.6	+0.1	—
Intl. Initial	228.5	240.6	-0.8	—
Do. Accum.	293.9	309.4	-1.1	—
Managed Initial	284.1	299.1	+1.2	—
Do. Accum.	371.2	390.8	+1.6	—
North American	116.4	122.6	-0.1	—
Do. Accum.	117.7	123.9	-0.2	—
Property Initial	146.7	154.5	.....	—
Do. Accum.	191.6	201.7	.....	—

Kingswood House, Kingswood, Tadworth,
Surrey KT20 6EU Burgh Heath 53456

Ex. Bdg. Sec. Lnkd.	103.1	108.6	+0.1	—

INSURANCES

هكذا اصل الأصل

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Flex End Jan 14	460.8	481.2	—	—
Pen Magt Sept 30	472.1	494.1	—	—

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

Sun Life Unit Assurance—Contd.

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	15.66	16.45	—	—

Transinternational Life Ins. Co Ltd
55-57 High Holborn, WC1V 6DU 01-831 7481

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Sentinel Life plc
2 Eyre Street Hill, EC1R 5AE 01-278 4488

Skandia Life Assurance Co Ltd
Frobisher Hse, Nelson Gte, Southampton 0703 334411

BNP Inv Mgmnt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

*Plus charge

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand
NAV Jan 22 BAHT 265,480.12 (US$9,907.13)

Bank of America International SA
35 Boulevard Royal, Luxembourg GD

Valued weekly on Wednesdays

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey 0534 73741

Baring Fund Managers (Guernsey) Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

Baring International Group
1901 Edinburgh Tower, Hong Kong 01-588 6133

Barrington Mgmt (CI)—Barrington Fd
Kleinwort Benson Hse, St Helier, Jersey 0534 78866

Bishopsgate Commodity Ser. Ltd
PO Box 42, Douglas, IoM 0624 23911

Brazil Capital Services Ltd
48 St Vincents St, Glasgow G2 5TS 041-204 1249

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$14.77		+0.10	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$14.95		-0.02	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$13.03		+0.13	—
Dynamic Grwth Fd	$12.36		+0.15	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$10.88	11.50	—	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.95	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.44	9.33	13.64	6-Mth
7-day Fnd	12.41	9.27	13.60	6-Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.65	8.71	12.71	6-Mth
7-day Fund	11.80	8.85	12.57	6-Mth
Dollar	6.50	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	11.50	8.50	12.55	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.75	8.78	12.97	Qtr
Mth. Int. Chq.	11.75	8.78	13.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	13.00	9.73	14.52	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	12.15	9.08	13.53	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
Money Acc	12.04	9.00	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	12.00	8.97	13.36	Mth
Over £10,000	12.25	9.16	13.64	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5SE 0752 24141				
High Int Chq Acc	12.63	9.45	13.97	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp	27	Midland Bk	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	50	Racal Elect	15
Boots	18	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	9½
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brist. Oil & Min	3½
Hanson Tst	18	Brit Petroleum	45
Hawker Sidd	56	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	58	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	96⅜	Treas. 10pcCnv 1986	99⅝	+⅛	10.04	12.63
97¾	92¾	Treas 3pc 1986	97⅞	....	3.07	11.61
100	97¼	Exch. 10½pc 1986	99¾	....	10.57	12.76
101⅞	99¼	Treas 12pc 1986	99¾	....	12.03	12.58
98⅛	94⅛	Treas 8¼pc 1984-86‡‡	98⅝	−⅛	8.62	12.01
105⅛	100⅝	Exch. 14pc 1986	100⅞	+⅛	13.86	12.44
95⅝	87⅞	Exch. 2½pc 1986	95½	+⅛	2.61	8.57
104⅛	100⅝	Exch. 13¼pc 1987	100⅞	+⅛	13.14	12.28
99⅜	96⅝	Treas 10¼pcCv '87	98⅜xd	+⅛	10.49	12.27
93⅞	85⅞	Exch 2½pc 1987	93⅞xd	+⅛	2.67	9.29
100⅞	96¾	Exch. 10½pc 1987	98⅞	+⅛	10.69	12.18
95⅛	89	Funding 6½pc '85-87‡‡	94⅝	+⅛	6.86	11.32
99⅜	95½	Treas. 10pc 1987	97½	+⅛	10.25	12.64
92⅞	84⅞	Treas 3pc 1987	91½	+⅛	3.27	9.53
102⅞	99⅛	Treas. 12pc 1987	100⅛	....	11.99	11.87
95⅛	90⅛	Treas 7¾pc 1985-88‡‡	93⅞	+⅛	8.25	11.31
100⅛	95⅛	Exch 10½pc '88	97⅞	....	10.74	11.65
98⅛	93⅛	Treas 9¾pc Cv '88	96⅛	....	10.14	11.67
87⅛	80	Transport 3pc '78-88	87	−⅛	3.44	9.12
97⅞	91½	Treas. 9½pc '88	94⅝	−⅛	10.01	11.71
102¼	97½	Treas 11½pc 1989	99⅝xd	−⅛	11.55	11.58
97⅞	90⅞	Treas 9¾pc Cnv. '89	94⅝	−⅛	10.07	11.57
84⅞	79	Treas 3pc 1989	83¼	....	3.60	9.05
99⅞	94	Treas 10½pc 1989	96⅞	−⅛	10.83	11.52
98⅜	92	Exch.10pc 1989	95⅝	−⅛	10.48	11.67
101⅞	95	Exch 11pc 1989	98	−⅛	11.22	11.58
86⅛	79	Treas 5pc 1986-89	85⅛	....	5.87	9.87
99	95	Exch 10¼pcCv '89	96¾	−⅛	10.63	11.44
108⅞	103⅝	Treas 13pc 1990‡‡	104⅛	−⅛	12.43	11.51
101⅞	96⅛	Exch 11pc 1990‡‡	98⅜xd	−⅛	11.18	11.52
108¼	100⅞	Exch. 12½pc 1990	103	−⅛	12.13	11.56
81⅛	75⅛	Treas. 3pc 1990	80	−⅛	3.75	8.74
93⅛	87⅜	Treas 8¼pc 1987-90‡‡	90	−⅛	9.16	11.21
101⅛	91⅞	Treas. 10pcCv 1990	94⅝	−⅛	10.59	11.56
77⅛	76⅛	Exch 2½pc 1990	77	−⅛	3.25	8.44
100¼	97⅞	Treas 11¾pc 1991	100⅛	−⅛	11.65	11.52
		Five to Fifteen Years				
87⅞	80	Funding 5¾pc '87-91‡‡	86½	−⅛	6.81	9.64
105⅞	95	Exch. 11pc 1991	101⅞	−⅛	11.23	11.47
113¾	101⅜	Treas 12¾pc 1992‡‡	106⅜	−⅛	12.06	11.39
100	88⅝	Treas 10pc 1992	94¼xd	−⅛	10.58	11.27
104	94⅛	Treas 10½pc Cv 1992‡‡	99⅛	−⅛	10.89	11.31
110¼	98⅝	Exch. 12¼pc '92	103¼xd	−⅛	11.81	11.44
117¼	105	Exch 13½pc 1992	113⅛	−⅛	12.40	11.52
—	—	Treas 10pc1993(£20pd)‡	£94	....	10.64	11.8
113⅝	101¼	Treas 12½pc 1993‡‡	106⅛	−⅛	11.85	11.39
83½	74⅞	Funding 6pc 1993‡‡	79⅝xd	−⅛	7.48	9.76
121⅝	109⅞	Treas 13¾pc 1993‡‡	114⅛	−⅛	12.34	11.48
125¼	111¼	Treas 14½pc 1994‡‡	115½xd	−⅛	12.49	11.39
119⅝	108⅛	Exch 13½pc 1994	114⅛	−⅛	12.22	11.48
113⅜	100⅞	Exch. 12½pc 1994	105⅞xd	−⅛	11.82	11.43
95⅞	86⅛	Treas 9pc 1994‡‡	91	−⅛	10.12	10.99
110⅞	95⅞	Treas 12pc 1995	104	−⅛	11.61	11.37
71½	62¾	Gas 3pc '90-95	70⅛	....	4.32	7.69
100⅜	89⅝	Exch. 10¼pc 1995	94⅞	−⅛	10.87	11.25
118⅛	106⅛	Treas 12¾pc 1995‡‡	111⅞	−⅛	11.77	11.30
123¼	110⅛	Treas. 14pc '96	115⅛	−⅛	12.20	11.47
94⅛	84⅛	Treas 9pc 1992-96‡‡	87⅛xd	−⅛	10.16	10.90
134⅞	121⅞	Treas 15¼pc 1996‡‡	126⅝	−⅛	12.45	11.45
122⅛	110⅛	Exch 13¼pc 1996‡‡	115	−⅛	11.85	11.27
77⅛	68½	Redemption 3pc 1986-96	76⅛	....	3.99	6.22
121⅛	108⅛	Treas 13¼pc 1997‡‡	113	−⅛	11.88	11.26
102⅛	90½	Exch 10½pc 1997	95⅛xd	−⅛	10.93	11.13
97⅞	80½	Treas 8¾pc 1997‡‡	85⅛xd	−⅛	10.15	10.89
132⅞	120⅛	Exch. 15pc 1997	126⅛	−⅛	12.28	11.50
98⅛	87⅝	Exch. 9¾pc 1998	92⅛	−⅛	10.64	11.02
79⅛	70⅞	Treas 6¾pc 1995-98‡‡	76⅛	−⅛	9.06	10.50
138⅛	122⅝	Treas. 15½pc '98‡‡	132⅛	....	12.19	11.39
115⅛	103⅛	Exch. 12pc 1998	108⅛	−⅛	11.36	11.14
97½	86⅝	Treas 9½pc 1999‡‡	92⅛	−⅛	10.45	10.81
116⅛	103⅛	Exch. 12¼pc 1999	112⅛	−⅛	11.37	11.11
105⅛	94⅛	Treas. 10½pc 1999	99⅛	−⅛	10.84	10.95
103⅛	92⅛	Conversion 10¼pc 1999	97⅛	−⅛	10.79	10.95
122⅛	109⅝	Treas. 13pc 2000	114⅛	−⅛	11.46	11.11

Over Fifteen Years

AMERICANS—Cont.

1985/86 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
19⅛	8⅝p	¶Beth Steel $8	12⅛	−⅛	—	—	—
24	14⅞	Bowater Inc.	19⅛	−⅛	72c	—	2.7
25	15⅞	Brown'g-Fer. 16⅔c	20⅛	−⅛	64c	—	1.9
38½	23⅞	Brunswick Corpn.‖	38½	+1¼	$1.00	—	1.9
39⅞	29⅞	CPC Intl. 25c	38	−1½	$2.20	—	4.2
25⅛	16⅛	CSX Corp U.S.$1.00	24⅛	....	$1.16	—	3.4
23	11⅞	CalFed Inc $1.00	21⅞	+⅛	32c	—	1.1
38⅛	25	Campbell Soup 30c	34⅛	−⅛	$1.32	—	2.8
34	23⅛	Caterpillar Tractor‖	33½	+½	50c	—	1.1
902p	427p	Cenergy Corp. 25c	427p	−40	4c	—	0.7
54⅛	34⅞	Chase M'htn $12.5	50⅞xd	+⅛	$4.30	—	5.8
38⅛	23⅞	Chemical New York	30⅛	+⅛	$2.48	—	5.9
34⅛	22	Chesebrough-Pond's $1	29⅛	−⅛	$2.00	—	4.9
34⅛	24⅞	Chrysler $6¼	34⅛	+½	$1.00	—	2.1
42⅛	27⅛	Citicorp $4	34⅛	+⅛	$2.26	—	4.7
10⅛	662p	CityFed Fin. Corp.	774p	−16	40c	—	3.7
24⅛	18⅛	Colgate-P. $1	23⅛	....	$1.36	—	4.1
57⅛	41	Colt Inds. $1	50⅛	−⅛	$2.50	—	3.6
31⅛	19⅛	Cons Freightwys $0.625	31⅛xd	+⅛	$1.10	—	2.5
819p	460p	Contl Illinois Corp $1	783p	+74	—	—	—
155p	40p	Cont Illinois Hldgs $1	71p	+2½	—	—	—
238p	39p	¶Corporate Data Scnce.	56p	....	—	—	—
36⅛	25⅛	Crown Zell. $5	31	....	$1.00	—	2.3
44⅛	959p	Cullinet Sftwr $0.1	979p	−32½	—	—	—
50⅛	159p	Damson Oil 40c	162p	....	—	—	—
29	15⅞	Dana Corp. $1	22⅛	....	$1.28	—	4.2
67	22⅛	Data General	30⅛	−½	—	—	—
77p	15⅛	¶Davox-Lock Medcl	23⅛xd	....	—	—	—
67	49⅛	Dun & Bradstreet $1	64⅛	−⅛	$2.88	—	2.1
55⅛	36⅛	Eaton Corpn. 50c	49⅛xd	−⅛	$1.60	—	2.3
46⅛	34	¶Exxon‖	35⅛	+⅛	$3.60	—	7.3
21⅛	12⅛	FPL Group $0.01	20⅛	−⅛	$1.96	—	6.9
974p	374p	Fin. Corpn. Amer. 50c	792p	−7	—	—	—
23⅛	14⅛	First Chicago $5	20⅛	−⅛	$1.32	—	4.7
46⅛	12⅛	Ford Motor $2	45xd	−½	$2.80	—	4.5
33⅛	20	GATX 62½c	26	−⅛	$1.20	—	3.3
60⅛	39⅛	Gen. Elect. $1¼	52	−½	$2.32	—	3.2
57	41⅛	Gillette $1	53⅛xd	−2	$2.60	—	3.5
19⅛	10⅛	Gt Am First Svgs Bk $1	19⅛	+1¼	♦40c	—	1.4
28⅛	16⅛	Gt. Western Fin. $1	28	....	$1.00	—	2.6
29⅛	19⅛	Hasbro Inc $0.50	26⅛	−⅛	15c	—	0.4
23⅛	12⅛	Home Federal $0.01	23½	+⅛	—	—	—
61⅛	41⅛	Honeywell $1.50	55⅛	−⅛	$2.00	—	2.6
44⅛	20	Hospital Corp Am $1	24⅛	....	50c	—	1.5
22⅛	18⅛	Houston Inds Incl	21⅛	....	$2.64	—	8.9
128⅛	86	IBM Corpn $1.25	110⅛	−⅞	$4.40	—	2.9
32⅛	21⅛	IC Industries	27⅛	−⅛	$1.44	—	3.8
31½	22	ITT Corpn. $1	28⅛xd	−⅝	$1.00	—	2.5
424p	124p	¶Imatron Inc	144p	....	—	—	—
47⅛	34⅛	Ingersoll-Rand $2	42⅛	+⅛	$2.60	—	4.4
20⅛	11⅛	Insilco $1	13½	−⅛	$1.00	—	5.3
17⅛	779p	IU Intnl. $1.15	16⅛	....	60c	—	4.3
49⅛	31⅛	Lockheed Crpn. $1	34⅛	....	60c	—	1.3
24	17⅛	Lone Star Inds $1	23	....	$1.90	—	5.9
34⅞	19⅛	Louisiana Land $0.15	19⅛	+⅛	$1.00	—	3.6
27⅛	14⅛	Lowe's 50c	20⅛	....	36c	—	126.2
37⅛	24	Manuf. Hanover $7½	30⅛	....	$3.24	—	7.7
35½	22	Martin Marietta $1.00	24⅛	−⅛	88c	—	2.6
33⅛	19⅛	Merrill Lynch $1	27⅛xd	−½	80c	—	2.1
162p	32p	¶Microcomputer Mem.	32p	....	—	—	—
49⅛	30⅛	MidCon Corp‖	47⅛	....	♦$2.44	—	3.7
47⅛	30⅛	Morgan (JP) $2.5	44⅛	+⅛	$2.45	—	4.0
76⅛	54⅛	NYNEX $1	71⅛	−1½	$6.4	—	6.4
29⅛	21⅛	PHH	26	−⅛	$1.00	—	2.8
16⅛	12⅛	Pacific Gas & Elec $5	14⅛	+⅛	$1.72	—	8.4
68½	48⅛	Pacific Telesis $0.10	59⅛	−⅛	$5.40	—	6.5
25	16⅞	Pall Corp. 25c	25	+⅛	26.7	—	0.8
57⅛	27⅛	Pennzoil 83⅓c	44⅛	−1¼	$2.20	—	3.6
46⅛	32⅛	Pillsbury‖	45⅛xd	....	$1.72	—	2.7
44⅛	29⅛	Quaker Oats $5	42½	−⅛	$1.40	—	2.4
42⅛	30⅛	Rep NY Corpn $5	40⅛	−⅛	$1.64	—	2.9
14⅛	947p	Rexnord $5	12½	−⅛	44c	—	2.5
36⅛	23⅛	Rockwell Intl. $1	26⅛	−⅛	$1.12	—	3.1
26	18⅛	Rohr Inds Inc $1	20⅛	+⅛	—	—	—
38⅛	27⅛	Sara Lee $1⅓	37⅛	−1	$1.60	—	3.1
16⅛	11⅛	Saul (B. F.) $1	12⅛	−⅛	20c	—	1.2
70	52⅛	Southwestern Bell $1	61⅛	−⅛	$6.00	—	7.1
49⅛	32⅛	Sperry Corpn $0.50	35⅛	−⅛	$1.92	—	3.9

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
190	20	Barrett & Hallam	23#	....	4.0	—	28.6	—
56	50	Calebread Rby. A 10p	50	....	3.1	1.9	8.9	8.7
91	50	Cement-Roadstone	92	....	Q21.54%	3.0	5.2	12.3
50	24½	¶Chessminster Grp.	26½	+1	—	—	—	—
72	40	Conder Group	64	....	1.5	1.8	3.3	21.7
62	25	Copson (F.) 5p	42	....	1.5	1.1	5.3	23.9
536	334	Costain Group	472	....	†15.0	2.9	4.5	8.9
*322	182	Countryside Props	302	....	5.74	5.1	2.7	7.5
152	84	Crouch (D.) 20p	148	....	†5.39	1.4	5.2	19.0
114	62	Dew (George) 25p	88	+2	†5.7	2.2	9.3	6.9
95	47	Douglas (Robt. M)	90	....	d1.75	2.6	2.8	(15.9)
25	16½	¶Dumon Group 5p	20	....	0.24	4.3	1.7	15.5
175	75	¶EBC 50p	175	....	†5.6	1.1	4.6	26.7
72	57	Erith	65	....	3.1	1.6	6.8	13.2
115	100	Fairbriar 10p	106	....	bg4.0	2.7	5.4	9.8
112	65	Feb. Intl. 10p	65	....	†d2.9	0.7	7.0	(46.1)
92	56	Do. 'A' 10p	59	....	†d2.9	0.7	10.2	(31.5)
61	41	¶Federated Housing 5p	61	....	†3.0	2.7	7.0	7.5
95	60	Finlan Group 10p	66	....	d3.04	0.9	8.4	25.0
297	117	French Kier	293	....	♦16.25	2.8	3.0	14.5
84	64	Galliford 5p	80	....	4.4	1.5	7.9	12.4
34	22	Gibbs Dandy A 10p	27	−1	1.58	2.0	8.3	7.9
274	204	Gleeson (M.J.) 10p	274	....	5.37	5.4	2.8	9.5
119	89	HAT Group 10p	95	....	†3.7	2.3	5.6	9.5
68	24	Helical Bar	68	+3	—	—	—	—
308	212	Henderson Group	267	−3	†6.0	2.6	3.5	13.9
49	33	Hewden-Stuart 10p	40	....	†1.53	3.1	4.5	9.1
£142	£112	Do. 10pcLn. 03-08	£142	+2	Q10%	—	5.2	—
170	112	Heywood Williams	168	−2	†6.0	2.5	5.1	9.8
462	280	Higgs & Hill	462	....	†12.3	3.4	3.8	10.8
52	30	Howard Shut 10p	38	....	d1.4	1.6	6.8	11.1
180	128½	Ibstock Johnsen	146	....	†b4.0	3.1	3.9	11.3
115	68	¶Intnl Amco Cpn	82	−3	—	—	—	—
330	260	Jarvis (J.)	275	....	17.5	—	9.1	—
35	21	¶Jayplant	25	....	0.25	♦	1.4	♦
130	82	¶Jennings AS.50	107	−3	Q20%	2.1	4.8	9.9
95	70	¶Johnstones Pts. 10p	76	....	d4.0	2.3	7.5	6.9
£84	£32	Lafarge Cop. F100	£82	+1	♦Q23.27%	1.5	2.8	24.1
345	197	Laing (John)	323	....	†6.0	5.5	1.6	15.8
305	255	Latham (J.) £1	270	....	13.25	1.8	7.0	9.5
98	67	Lawrence (W.)	89	....	aN3.66	3.1	6.1	6.3
79	59	Lilley (F.J.C.)	76	....	†3.64	1.7	6.8	10.3
114	93	¶Lon. & Clydesdale	110xd	+2	5.6	♦	7.3	♦
*311	191	Lovell (Y. J.)	310xd	+2	7.0	♦	3.2	16.1
338	232	McAlpine (Alfred)	322	+4	†11.0	3.0	4.9	9.3
315	195	McCarthy & Stone 20p	235	+5	2.72	5.0	1.7	17.3
143	90	¶McLaughlin & H.	120	....	7.0	2.9	8.3	5.6
160	104	Magnet & Southerns	138xd	+2	4.7	1.7	4.9	17.5
201	161	Manders (Hldg)	179	+1	†7.5	2.3	6.0	9.6
185	110	Marshalls Halifax	163	....	$5.0	2.3	4.4	12.6
161	107	Maunders (John) 20p	148	....	4.5	3.8	4.3	8.7
107	73	May & Hassell	103	....	3.75	—	5.2	—
191	112	Meyer Int.	190	+2	†5.25	3.5	3.9	10.2
28	14	Miller (Stan) 10p	24	−1	20.5	—	3.0	—
133	101½	Monk (A)	114	....	6.5	1.3	8.1	13.3
348	198	Mowlem (J)	340	+4	11.93	2.1	5.0	12.0
870	600	Newarthill £1	817	....	11.0	5.4	1.9	12.3
200	142	Nottingham Brick	193	....	6.5	2.1	4.8	14.4
825	600	Pearce (C. H.)	675	....	♦7.75	7.0	1.6	12.2
130	95	Persimmon 10p	128	....	g4.75	3.6	5.2	7.5
146	86	Phoenix Timber	100	+4	3.0	—	4.3	—
370	180	Pochins	370	....	12.9	3.9	5.0	6.6
235	99	¶Polypipe 10p	225	−2	b2.9	2.7	1.8	28.2
508	344	RMC	495	+6	†13.0	3.3	3.7	12.0
29	16	Raine Inds. 10p	28	−½	0.75	0.5	3.8	—
110	60	¶Rams	100	−2	d5.25	1.0	7.5	18.3
387	254	Redland	387	+2	†10.5	2.2	3.9	13.7
£290	£152	Redland (£ Wrnts.)	£290	....	—	—	—	—
177	93	Roberts Adlard	148	−2	6.0	2.0	5.8	12.1
46	32	Rowlinson 10p	37	....	0.65	6.4	2.5	6.8
225	147	Ruberoid	222	....	7.8	1.5	5.0	18.7
161	118	Rugby P. Cement	150½	−½	6.2	1.3	5.9	(17.0)

DRAPERY & STORES—Cont.

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
110	72½	Stead. & Sim 'A'	78xd	....	†3.4	1.6	6.2	15.0
108	59	Steinberg 10p	105	+3	†2.2	3.5	3.0	10.4
106	65	Stirling Group 20p	93	....	†1.05	8.0	1.6	10.8
*36½	14½	Stormgard 10p	18	....	—	—	—	28.6
82	28	Sumrie 20p	42	+4	—	—	—	—
503	375	Superdrug Strs. 10p	418	+3	†4.2	4.2	1.4	21.0
170	119	¶T & S Stores 5p	154	....	g2.63	3.9	2.4	25.3
54	23	Telefusion 5p	51	....	†1.3	—	3.6	—
60	40	Tern Group	47	....	1.25	0.2	3.8	—
61½	27½	Time Prods. 10p	58½	....	†1.5	2.7	3.7	12.2
82	46	Top Value Inds 10p	62	....	—	—	—	—
212	181	Underwoods 10p	182	....	bg1.65	3.0	1.3	37.0
39	19	Upton (E) 'A'	34	....	—	—	—	—
459	266	Vantona Viyella 20p	450	−4	†11.5	3.1	3.7	(11.1)
230	140	WEW Group	198	....	d7.94	3.2	5.7	7.8
328	197	Ward White	284	+10	†5.69	2.8	2.9	15.0
73	45	Wassall (J. W.)	53	....	1.0	5.8	2.7	6.8
148	97	Wigfalls	103	....	a2.5	0.6	3.6	44.3
610	277½	Woolworth Hldgs 50p	468	+11	†h7.75	3.5	2.4	13.3
£154	£106	Do. 8½pc Cv Ln 2000	£121½	+1½	Q8½%	—	(7.1)	—
187	148	¶Works of Leather 10p	168	+3	bg2.5	3.0	2.1	22.4

ELECTRICALS

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
538	175	AB Electronic	243	−1	8.0	3.3	4.7	8.4
85	28	A. & G. Sec Elecs 5p	37	....	1.2	3.8	4.6	8.2
124	95	AMS Inds 5p	124	+4	bg1.23	5.0	1.4	20.1
690	28	¶Acorn Computer 10p	78	+11	—	—	—	—
450	155	¶Air Call	255	....	5.6	1.8	3.1	25.0
150	97	¶Alphameric 5p	125xd	−2	†0.7	7.5	0.8	23.9
30	18	¶Amer Elect Comp 5p	27	....	b0.87	2.8	4.6	10.8
288	64	Amstrad 5p	286	−2	0.94	12.4	0.5	19.8
285	141	¶Ass'd H'graphics 5p	230	....	—	—	—	—
245	112	¶Do Warrants	195	−5	—	—	—	—
280	48	Astec Comp 10p	67	+3	1.5	7.0	3.2	6.4
47	24	Arcotronic 'A' NV 5p	28	....	0.65	3.6	3.3	9.1
90	30	Arlen	85	−3	—	—	—	—
£35⅞	£24¼	ASEA AB. 'A'	£30¼	+½	vQ14%	2.0	4.2	11.8
£37½	£14⅛	Do 'B'	£32⅝	−⅛	vQ14%	2.0	4.0	12.5
303½	180	Atlantic Computr 10p	245	....	h1.66	8.0	1.0	13.1
8	2½	Audiotronic 2½p	7	....	—	—	—	—
200	138	Auto'ted Sec. 10p	157	....	†1.24	7.4	1.1	12.6
300	185	BICC 50p	288	....	10.54	1.7	5.2	13.3
167	40	BSR Intl 10p	80	....	Q2.4	3.7	3.0	(10.1)
16½	10¼	¶Bennett & F'tain 10p	16½	+½	bg0.42	2.0	3.6	19.9
465	307	Bowthorpe 10p	422	−3	†5.48	4.3	1.9	17.9
380	165	¶Brikat 5p	185	−5	4.0	3.5	3.1	13.1
96	73	¶Britannia Sec. 10p	81	−3	1.25	3.8	2.2	13.2
207	143½	British Telecom	186	....	g6.5	2.5	4.1	11.3
97	70	Brown Bov. Kent	90	−1	2.5	3.0	4.0	10.9
30	10	Bulgin 'A' 5p	13	....	†0.58	1.3	‡	17.3
91	45	¶Bush Radio 10p	90	+6	1.2	6.1	1.9	12.1
205	131	CAP 10p	205xd	....	a1.5	4.9	1.0	27.0
307	95	CASE Group 20p	108	....	1.35	7.8	1.9	8.4
250	120	¶CML Microsystems 10p	130	+5	1.4	5.6	1.5	13.8
165	24	¶CPS Computer 20p	25	....	d1.0	4.9	5.7	3.8
64	20	¶CPU Computers 5p	32	....	—	—	—	—
*652	444	Cable & Wireless 50p	610	+23	†9.5	2.9	2.2	17.2
377	195	Cambridge Elec.	262	+7	†7.0	2.8	3.8	12.0
220	65	¶Checkpoint Europe	90	....	—	—	—	♦
53	26	Chloride Grp.	47	−1	—	—	—	—
225	128	Do. 7½pc Cm CnvPf	193	−3	8	—	—	—
7	2½	¶Chuang's (Hldgs)	3	....	—	—	—	—
20	6	¶Cifer 10p	18	+1	—	—	—	—
135	45	¶Circaprint 10p	76	−4	1.05	7.5	2.0	6.2
265	190	Comcap 5p	213	−2	†1.0	9.3	0.7	17.6
143	38	¶Compsoft Hldgs. 5p	49	+2	g1.5	3.0	4.4	10.5
490	310	¶Cont'l. Microwave	335	....	4.0	4.2	1.7	19.8
146	116	Control Tech 10p	146xd	....	g2.7	♦	2.6	♦
80	57	¶Cranbrook Elect 5p	72	....	b1.5	2.7	3.0	17.7
*290	189	CrayElectronic 10p	280xd	+3	†2.97	3.6	1.5	25.5
240	95	Crystalate 5p	173	+3	4.24	3.4	3.5	9.8

هكذا من الأصل

INDUSTRIALS—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	63	Midland Marts	92	.....	4.0	2.1	6.2	11.0
*83½	55½	Mitchell Cotts	78	.....	4.29	2.0	8.7	(7.1)
92	78	Monks & Crane 10p	92	+1	bq2.7	2.7	4.2	12.7
247	182	Morgan Crucible	242	.....	8.9	1.6	5.0	16.8
33	16½	Morris (W) F.A. 20p	19½	.....	0.5	♦	3.9	♦
131	91	Moss (Robt.) 10p	106	+1	3.0	2.7	4.0	11.4
81	60	Mysun Grp 10p	79	.....	2.5	3.4	4.5	15.0
330	214	MMW Computers	275	−5	4.8	2.7	2.5	21.1
43	27	Nash Inds.	32	.....	0.5	—	2.2	—
48	15	Neill & Spencer 10p	20	.....	♦	—	—	6.0
44	14½	Newman Inds 10p	31	.....	0.3	—	1.4	(4.7)
58	26	Nolton	57	+1	0.95	2.6	2.4	8.1
216	146	Norcros	190	+3	8.6	2.0	6.5	10.5
67	45	Nu-Swift 5p	52	.....	3.0	1.9	8.2	8.4
114	68	Oakwood Grp	80	.....	5.0	♦	8.9	♦
250	150	Office & Elect	205	.....	7.5	2.6	5.2	10.5
108	70	Oldacre 20p	70	−3	4.0	2.6	8.4	6.1
58	31	Optometrics $0.01	31	−1	Q02c	—	5.1	—
525	312½	Ortame £1	500	.....	23.4	1.8	4.7	11.8
18	5½	Ovenstone 12½c	18	.....	0.25	1.9	10.5	5.0
£271	£158	Ozalid 9pc Cnv 87-92	£259	.....	Q9%	—	(3.5)	—
185	95	PCT Grp 10p	180	.....	3.2	1.2	6.7	(24.6)
£14½	850	PLM 'B' Sk 25	£14½	.....	Q23.2%	♦	4.6	9.7
199	114	PSM Intl.	120	+2	5.25	2.5	6.2	8.2
193	115	Pacer Systems $0.01	185	+8	1.86c	—	1.6	—
68	50	Pacific Sales 10p	68	−1	3.0	2.1	6.6	8.5
243	120	Park Place 10p	225	−5	6.25	1.9	4.0	18.9
296	165	Parker Knoll 'A'	255	−3	9.5	2.9	5.3	9.3
275	45	Parkfield Group 5p	275	+25	2.4	2.4	1.2	46.0
88	37	Paxton Intl.	45	+2	—	—	—	—
£190	£101	Do 11pc Cvl.n '94-02	£170	.....	Q11%	—	10.5	—
435	287½	Pearson	408	+5	18.5	3.0	3.0	14.5
29	12	Peek Holdings	16	+1½	—	—	—	—
96	71	Peerless	95	−1	6.3	—	9.7	—
365	98	Pentland 10p	360	−5	0.87	20.4	0.3	16.2
850	440	Photo-Me	850	.....	5.00	7.7	0.9	19.2
358	248	Pilkington Br. £1	353	+3	12.5	2.5	5.1	8.7
£323	£225	Pitney-Bowes Cnv. Ln.	£316	+2	Q5½%	—	1.8	—
69	48	Plastic Const. 10p	69	+4	2.8	♦	6.0	♦
12	8½	Platignum 5p	8½	.....	8—	—	—	—
172	115	Plasson Int.	125	.....	2.8	3.2	3.2	10.9
14	7½	Polymark 10p	9½	.....	8—	—	—	—
54	38	Do. CnvPf A £1	49	−½	10%	—	29.2	—
670	500	Portals	668	−10	18.5	3.0	4.0	11.8
312	258	Powell Duff. 50p	258	+2	14.0	1.3	7.8	14.2
148	39	Prestwich	134	−2	0.53	7.8	0.6	26.3
99	57	Pritchard Svs.	72	.....	3.8	1.8	7.5	(8.9)
40	29	Protimeter 5p	39	−1	1.0	3.3	3.7	11.6
£107½	656	Quotron Systems $0.10	987	+18	—	—	—	—
103	79	RFD Group 10p	98	.....	3.72	2.4	5.4	11.0
130	70	Radiant Metal	126	.....	2.5	0.7	2.8	—
85	30	Ramco Oil 10p	40	.....	0.7	5.4	2.5	9.9
503	286	Rank Org.	505	+16	15.0	♦	4.3	♦
245	210	Rauma-Repola Oy	240	.....	Q8%	5.8	4.1	4.2
695	475	Reckitt & Colman	695	+40	14.3	2.2	2.9	17.8
140	65	Redfearn Glass	136	.....	2.0	6.2	2.1	8.1
213	128	Reed Exec 10p	198	.....	3.0	4.3	2.2	15.2
748	530	Reed Intl. £1	705	+3	18.5	2.7	3.7	12.2
160	84	Relyon	134	.....	4.45	2.5	4.7	10.4
310	130	Renwick Group	290	.....	—	—	—	83.0
120	88	Restmor	94	+2	4.0	2.0	6.1	11.7
398	269	Reuters 'B' 10p	385	+3	2.5	4.1	0.9	35.9
26½	17½	Rexmore	23	.....	1.0	2.1	‡	8.8
124	87	Ricardo	123	+1	2.75	3.2	3.2	13.4
160	105	Robertson Rsch 10p	125	.....	2.1	3.1	2.4	9.7
17	10	Rock 10p	17	+½	—	—	—	38.5
55	31	Rockware	36	.....	—	—	—	(12.0)
155	61	Rolfe & Nolan 10p	75	.....	4.0	2.2	7.6	7.8
192	125	Ropner	134	+1	6.25	2.4	6.7	8.8
190	125	Do. 'A'	131	+1	6.25	2.4	6.8	8.6
8	3	Rotaprint 5p	5	.....	—	—	—	—
150	60	Do. 11½pcCvPf£1	85	.....	8—	—	—	—
183	85	Russell (A.) 10p	118	.....	1.33	1.6	1.6	55.6
40	8	Ryan Int'l 5p	32	−1	—	—	—	33.4
47	16	SI Group 5p	18	.....	—	—	—	—
263	192	Sale Tilney	225	.....	4.67	3.0	3.0	13.6
90	53	Sandhurst Mkt. 10p	54	.....	1.2	3.0	3.2	13.1
*511½	366	Scapa Group	418	.....	11.0	2.7	3.8	11.1

LEISURE—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
115	98	Leisure	105	.....	bq2.63	3.0	3.6	13.0
220	153	Media Tech Int 20p	210	−3	g2.58	5.4	1.8	17.1
205	124	Medminster 10p	145	.....	5.35	2.0	5.3	13.2
200	130	Miss World 10p	130	.....	3.6	4.1	4.0	8.9
127½	62	Nationwide Leisure	63	.....	0.75	2.5	8.5	5.6
39	9	Nimslo Int 20c	10½	.....	—	—	—	—
27¼	19½	Owners Abroad	26½	.....	1.0	2.2	5.3	11.9
54	36	Photax (Lon.)	52	.....	—	—	—	—
31	18	P'dilly Radio NV 5p	30	−1	2.0	♦	9.9	♦
90	30	Pineapple Dnc S/10p	37	.....	—	—	—	—
342	183	Pleasurama 5p	307	−1	4.6	3.7	2.1	18.2
361	109	Do. 7pcCvCnvRedPf	155	+1	7%	—	6.5	—
96	77½	Pres Entertain 50p	90	.....	2.0	2.1	3.2	21.4
65	18	Radio City 'A' NV	25	.....	—	—	—	—
55	33	Radio Clyde NV	35	.....	3.25	0.9	13.3	11.4
65	34	Riley Leisure 10p	56	−2	0.7	—	‡	—
215	143	Saga Hols. 20p	215	.....	6.0	2.1	2.7	23.0
*209	97	Samuelson Grp 20p	205	.....	2.4	6.0	1.2	22.3
111	25	Sangers Photo 10p	73	.....	2.0	1.9	3.9	19.1
202	130	Scauro 50p	146	.....	3.68	2.6	3.6	14.1
210	128	Scot. TV 'A' 10p	210	.....	8.8	2.8	6.0	8.6
508	204	SeaCo Inc $0.125	213	+6	—	—	—	—
15	6	SelecTV 10p	8	.....	—	—	—	—
140	8	Spectrum 5p	23	.....	2.0	4.6	‡	2.4
33½	23	TSW 5p	33½	.....	1.7	2.4	7.2	8.1
185	108	TVS N/Vtg 10p	185	.....	8.0	♦	6.4	♦
285	132	Television Svcs 50p	171	+1	1.5	4.3	1.3	26.8
79	54	Tottenham Hotspur	54	.....	4.0	1.1	10.6	(12.5)
105	72	Trillon 10p	80	−2	1.1	4.2	2.0	14.8
160	39½	21st Century Dist	69	−7	—	—	—	—
165	93	Tyne Tees TV 'A' £1	145	+3	10.5	2.3	‡	6.1
114	84	Ulster TV N/V 'A'	107	.....	5.25	♦	7.0	♦
125	63	Viewplan 5p	70	−2	1.26	♦	2.6	♦
26	17	Webb (Jos.) 5p	19½	+½	0.5	0.7	3.8	52.1
26½	12	Williams (Rex) 5p	20½	.....	0.91	—	6.3	—
136½	93	Zetters 5p	136½	+1½	4.0	3.6	4.2	9.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
71	25	BL 50p	36	−1½	—	—	—	—
325	235	Gen. Mts. Units	235xd	.....	Q12c	—	3.7	—
129	68	Group Lotus 10p	128	.....	♦	—	—	39.5
557	365	Honda Motor Y50	438	+2	Q24%	8.6	1.0	11.6
438	237	Jaguar	435	+5	g7.75	4.3	2.5	11.6
61	35	Reliant Motor 10p	35	−1	—	—	—	—
£34¼	£18½	Volvo Kr25	£30	−¾	Q34%	♦	2.6	♦

Commercial Vehicles

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	31	ERF (Hldgs)	39	.....	8—	—	—	4.4
84	66	Plaxtons (GB)	83	+1	4.5	♦	7.7	♦

Components

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
164	110	AE	154xd	.....	5.0	2.7	4.6	11.4
170	85	Abbey Panels	170	+5	2.0	9.3	1.7	9.1
56	29	Aerospace Eng.	54	−2	d5.28	1.7	14.3	12.6
39	22	Airflow Stream	35	+1	1.0	5.1	4.1	6.7
93	31	Armst'ng Eq. 10p	93	+1	1.1	5.3	1.7	11.8
205	155	Automotive Prods.	201	+4	12.0	2.6	1.4	40.4
89	60	BTS 10p	77	.....	bdq3.9	2.0	7.4	9.8
14	7	Bluemel Bros.	7½	.....	—	—	—	—
130	80	Browns (C.) Car 10p	127	.....	g2.5	2.7	3.1	17.1
227	163	Dowty 50p	176	+1	5.0	2.2	4.1	14.3
342	240	FR Group	320	.....	3.13	4.6	1.4	20.3
60	29	Kwik-Fit Hldgs. 10p	58	.....	1.73	3.1	4.2	9.6
521	227	Lucas Inds. £1	521	+3	11.0	3.6	3.0	10.6
100	40	Solex A 50p	40	.....	4.3	—	15.4	—
50	30	Supra Group 10p	50	.....	1.86	2.1	5.3	11.4
46	21	Woodhead (J.)	39	.....	0.1	—	0.4	—

Garages and Distributors

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
10¼	6½	Alexanders 10p	8½	.....	—	—	—	—
85	39	Appleyard Grp.	85	+1	3.0	3.3	5.0	6.7
230	160	Arlington Motor	225	.....	9.5	2.4	6.0	(8.0)
27½	21½	BSG Int. 10p	26½	+½	1.0	2.0	5.4	10.8
220	125	Bramall (C. D.)	217	.....	6.7	4.3	4.4	7.6
115	77	Brit. Car Auct. 10p	114	−1	3.25	2.5	4.1	13.5
178	120	Caffyns 50p	170	.....	4.5	—	3.8	—
95	40	Cowie (T.) 5p	95	+1	g2.2	3.4	3.3	9.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	102	.....
Craig & Rose £1	650	.....
Finlay Pkg. 5p	46	.....
Holt (Jos) 25p	720	.....
IoM Stm. £1	52	.....
IRISH		
Fund 11¼% 1998	£97¾	.....
Nat. 9¾% 84/89	£93½	.....
Fin. 13% 97/02	£106¼	+⅛
Arnotts	233	+2
CPI Hldgs.	60	.....
Carroll Inds.	140xd	.....
Dublin Gas	55	.....
Hall (R. & H.)	61	.....
Helton Hldgs.	24	−2
Irish Ropes	52	.....
Unidare	130	.....

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES

Saturday February 8 1986

Printers lift blacking of Times supplements

BY JOHN LLOYD AND DAVID BRINDLE

THE PRINT unions' campaign to put pressure on News International's printing plant at Wapping, east London, where all four of the group's titles are now printed, suffered a further setback yesterday with a vote by printers at Northampton to drop their blacking of the three Times supplements.

There were also unconfirmed reports that members of the National Union of Railwaymen at the main London terminals had indicated willingness to handle News International titles—in spite of a blacking instruction by the union against the papers.

Mr Bob Reid, chairman of British Rail, is to see Mr Rupert Murdoch, the News International chairman, on Monday to try to persuade him *to return the £10m distribution* contract to the railways.

The print union Sogat '82 has told its 4,000 members sacked by News International *for* striking two weeks ago to take out claims for unfair dismissal against the company.

The union believes that a number of printers have been approached by the company and offered re-employment—a move which would render the sacking of their colleagues illegal under the employment legislation. Last night the company said it had not rehired any of its sacked workers, nor did it intend to.

Sogat also believes that a number of its sacked members were unfairly dismissed because they were on holiday, ill or not on shift at the time of the strike. *It has taken advice from* its lawyers which points to the possibility of successful action.

A successful mass claim for unfair dismissal could put compelling pressure on the company to return to negotiations *since the cost of paying* compensation to all or most of the 5,000 dismissed printworkers *would be prohibitive.*

If Mr Murdoch were forced to reinstate his workforce, the unions would have a lever on the company — almost entirely lacking at present—to negotiate on employment levels at one, and perhaps both, of the two former printing sites and on levels of redundancy payments to those not permanently re-engaged.

For the moment, however, the print unions appear to be losing leverage over the company. The decision by members of the National Graphical Association at the Northampton Mercury to resume printing the three Times supplements—The Times Educational, Literary and Higher Educational Supplements — follows the printing of one of the education supplements earlier this week.

A subsequent vote by the NGA chapel (office branch) confirmed that all three supplements would be printed by the company from next week. There *is some doubt, however,* whether News International will continue the contract at the company *after one week* without printing and another of partial printing.

The decision by railwayworkers to handle the News International titles was not confirmed by the NUR, and only guardedly so by BR yesterday. BR said it had always been its intention to carry News International titles in spite of the NUR strike threat.

News International said last night that production was normal, with all editions of the two daily papers, the Sun and The Times, being met. It said printing was completed at 3 am—a record at Wapping

● The first journalist of The Times to be sacked since transfer to Wapping is Mr Martin Huckerby, assistant foreign news editor. Mr Huckerby re*ceived a letter on Thursday* from Mr Charles Wilson, the editor, drawing attention to an article he had written *in the* UK Press Gazette which included criticism of Mr Wilson. The letter said: "You may treat this letter as terminating your employment with immediate effect."

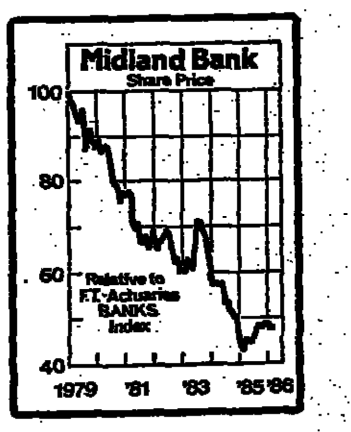
In the article Mr Huckerby made clear that he had decided to leave the paper.

The nine other journalists at The Times who have refused to move to Wapping are under unpaid suspension until February 18 after which they have been warned of dismissal if they do not report for work.

THE LEX COLUMN

Pony Express gets through

Index rose 16.0 to 1187.7



Almost everyone connected with Midland Bank must wish heartily that it had never decided to go in for Californian retail banking. And to judge by the London equity market's reaction, the $1.1bn sale of Crocker to its Californian neighbour Wells Fargo is the next best thing to proving that *this disastrous investment* had never, after all, been made. After knee-jerking their way to *more than £5, Midland shares* closed at 492p, still 64p higher on the day and closing up much of the chronic *discount which* separated Midland from the other clearers.

Though it must be largely due to the City's sheer relief at seeing Midland cut loose from the albatross, this instant rerating has some logic to it. Assuming that Wells Fargo is allowed by banking regulators and anti trust authorities to complete the transaction, Midland escapes from Crocker with no visible damage to shareholders' funds; on UK accounting principles, the deal has been pitched almost precisely at book value, while the accumulated notional loss of net income through holding the investment, $100m, is fortunately not an accounting item. Upon the eventual removal of Crocker's outstanding public liabilities, some $12bn, Midland's capital ratios should *move up by some* 1½ points; come the end of the year, Midland could be as well-capitalised a clearer *as any.*

Relief that Midland's central management can get back to less peripheral tasks than setting Crocker to rights must, however, be kept under control. It is doubtful if Midland could have sold Crocker at anything approaching book value if it had not previously stripped out $3.5bn of Crocker's less desirable assets—about $2bn in Latin America as well as some $450m of non-performing Californian property loans. By the same token, this looks an extremely attractive deal for Wells Fargo, which will gain scope to rationalise its overheads and make a serious attack on BankAmerica —*the weak giant of* the Californian retail market.

If the after-taste of Crocker lingers for a year or two it can be put down to the residual risk now borne by the Midland plc balance sheet, and to a suspicion that Midland's equity in the Crocker recovery has been sold to finance the back-log of problem loans. Though the capital ratios improve as a result of this disposal, Midland still has an exceptionally large exposure to Latin America, and that is something which the sales does not change one way or the other.

In any event, a *beneficial* impact on Midland's earnings cannot realistically be expected until next year; $20m of dividends that will no longer have to be paid on the Crocker preferred stock should then come in handy. Equally, it is not until 1987 that Midland is likely to contemplate increasing its dividend, and past experience should make the market cautious about expecting much even then.

By that time, Midland's recently reviewed strategy should be taking shape; shorn *of retail banking operations in* the US—and perhaps shedding some of its remaining commer*cial banking—Midland* will be legally in a position to develop much more of a US investment *banking presence than* its UK rivals. There is no knowing whether the new-model strategic thrust, this time into global securities trading, will be any more successful than the 1979 lurch into Californian branch banking; but if things go badly, a brisk retreat from New York is bound to be less painful than the long withdrawal from San Francisco.

UK equities

The UK textile sector is suddenly quite the thing. All week *the industry majors*—and minors for that matter—have been running up on rumours *that* one or other will counterbid for Coats Paton or be taken over itself. That is perhaps an uncharitable construction to place on this week's 4.4 per cent gain in the textiles sector. The Dawson bid for Coats may simply have exposed the fundamental value to be had in those basic industries which have been largely neglected in the latest leg of the bull market.

Textiles, after all, are not a unique category; institutions have been chasing value in the more lowly rated cyclical areas of the market since the turn of the year. But that is hardly the whole story. Equities currently look more expensive in relation to either cash or fixed interest than at the time of the last market peak in November and trading this week has displayed just the characteristics which produced a correction at the end of last year. The market has not been heavily tapped —*a slightly* underpriced Wellcome issue is not test of sentiment—and surplus liquidity *has been finding its way* into takeover candidates and tightly held stocks. There was, for example, *no plausible explanation* for yesterday's sharp rise in the price of either Reckitt and Colman *or* Dixons. The equity market may not be wildly overpriced at its current level but the conditions look ripe for a correction.

Wolves/Davenports

It is difficult to imagine a conflict of interest more conspicuous than that encountered by the officials of Davenports Brewery when they sit as trustees of the Baron Davenports Charity Trust. The terms of the Wolverhampton & Dudley proposal to take over *Davenports look fair* and reasonable to almost everyone except these trustees. Since the trust has a commanding interest in Davenports, their opposition to the deal might help to deprive shareholders *of a decent price* for a company which has performed poorly under its incumbent management.

After a split vote at the trustees' meeting, the City Council representatives having voted in favour of the Wolves proposal, the burning question is whether the Lord Mayor was entitled to a casting vote. If he is judged to have been the chairman of the meeting, Wolves will presumably proceed with a *new proposal* now that its present one has expired. If not, a chairman will need to be appointed and there is unlikely to be unanimity among the trustees about who that privileged person should be. Common sense dictates that Wolves should take the company over. But, within Davenports, common sense looks a scarce commodity.

Duvalier flies to exile in France

By Canute James in Kingston *and David Marsh in Paris*

NEARLY three decades of despotic rule in Haiti ended yesterday when Mr Jean-Claude Duvalier, so-called president for life, fled to exile aboard a U.S. military aircraft.

His destination was Grenoble, France, where *he has been* granted temporary refuge until another country can be found to accept him.

In a message broadcast early yesterday in Port-au-Prince, the capital, Mr Duvalier said: "I have decided to pass the destiny of the nation into the hands of the military . . . so that a bloodbath could be avoided *for my people.*"

Haiti had been beset with anti-government activities for months. *These* peaked with widespread disturbances in recent weeks.

On the President's departure and that of some 20 family members and aides, Haitians were told that a six-member, military-civilian council had taken charge. The council is headed by General Henri Namphy, the army chief of staff.

Thousands of Haitians poured into the streets in the capital and other towns to celebrate the end of a dictatorship that began in the 1950s with Mr Duvalier's father, Francois "Papa Doc" Duvalier, and continued with Jean Claude's succession on his father's death in 1971.

The new government was reported to have declared a curfew from 2 pm to 6 am as violence swept the country of 6m people. Demonstrations also took place in US cities with large Haitian communities.

President Ronald Reagan said the US would do all it could to help restore order and democracy in the Caribbean nation, which shares the island of Hispaniola with the Dominican Republic, a US ally.

It was not clear just where Mr Duvalier and his family would be allowed to settle. Statements issued in Gabon and *Morocco said he would be* denied asylum in those countries.

Foreign ministry officials in Paris made it clear that his stay in France would be temporary.

Background, Page 3

US indicators point to growth

BY STEWART FLEMING IN WASHINGTON

EXPECTATIONS THAT US *economic growth is accelerating significantly this quarter were* reinforced yesterday. The Labor *Department reported a surprise* drop in unemployment and one of the sharpest gains for more than a year in the number of Americans in jobs. The seasonally-adjusted unemployment rate for last month fell from 6.9 per cent to 6.7 per cent.

Much more significant as an indicator of the underlying forward momentum in the *economy, however,* was the report that non-agricultural wage and salary jobs surged by *565,000, after rising by 320,000* in December and increasing steadily from the middle of last year.

The employment figures will tend to dampen the *few* remaining expectations that the Federal Reserve Board could decide to ease its monetary policy or cut the discount rate at next week's key meeting of its policy-making Open Market Committee. The meeting is expected to set monetary targets for this year.

*The report is an encourage*ment for the Reagan Administration which this week has been vigorously defending its optimistic projection of 4 per cent real growth for 1986. The Administration had said that it, too, detected signs that growth was accelerating, from the real annual rate of 2.4 per cent all last year and the 2.3 per cent reported in the fourth quarter.

The figures will appeal politically to the White House as well. Unemployment fell to 7.8m, the first time it has been under 8m since Mr Reagan took office. Over the past year total employment has risen by 3.1m, according to Labor Department estimates. Employment in the services sector has risen by 1.1m.

Yesterday the underlying, strong, upward trend in employment was not questioned. Some doubts, however, were voiced about whether statistical procedures, particularly the seasonal adjustment in the retail stores employment data, may have contributed to the exceptionally strong gain of 205,000 in this sector.

**US prepares response to Gorbachev, Page 2;
Editorial comment, Page 6**

Westland papers release likely

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is expected to allow MPs on the cross-party defence select committee to see the full text of key official documents concerning ministerial attitudes in the Westland affair.

This follows a further week of allegations, notably by Mr Michael Heseltine, the former Defence Secretary. Another twist came with the claim and yesterday's denial that Mr Alan Bristow, the former helicopter company operator, had been offered a knighthood as an inducement to switch his position and back the Sikorsky/Fiat rescue.

The result has been to continue the affair and, ministers admit, to damage the Government further.

Negotiations are under way about the form in which the documents will be made available. Members of the committee expect this to be *resolved by early next* week when they will consider what further evidence to take. They will also consider whether to recall earlier witnesses such as Mr Leon Brittan, former Trade and Industry Secretary.

The documents concern details of meetings last October. Mr Heseltine claims that the summaries issued to the committee by the Government early this week are misleading and that the full text will show that the Government and Mr Brittan then clearly preferred a European solution.

More significant than the details is the continuation of a public row. After Wednesday's appearance before the com*mittee of Sir Robert Armstrong,* the Cabinet Secretary, Tory leaders had hoped that the *affair might be dampened down.*

In a series of weekend speeches ministers will attempt to stress that the *Government's* underlying strategy is intact and on course. However, Mr Heseltine is likely to draw considerable attention on Sunday when he addresses the Young Conservatives' conference in Blackpool.

Austin Rover's future to be reviewed

BY OUR POLITICAL EDITOR

A REVIEW of the future direction of Austin Rover, covering both funding and collaborative ventures, is to be carried out by the Government later *this year.* Talks about a possible sale of the BL volume car subsidiary to Ford of the US were *ended by the Cabinet on Thurs*day.

There is continuing Treasury pressure to reduce the level of government backing for BL. Other senior ministers feel that in spite of the embarrassing climbdown of the past few days, Austin Rover's future is now on the agenda, even if a full-scale foreign takeover has been ruled out for the foreseeable future.

The Austin Rover review *is* separate from the question of the sale of BL's truck and bus *divisions. One senior minister* admitted yesterday that these aspects *of* Austin Rover had been left on one side in the hectic discussions about the Ford deal. He thought it would be wrong to believe that taxpayers' support could continue for ever.

Mr Paul Channon, Trade and Industry Secretary, admitted in the Commons on Wednesday when the Ford talks were still under way that on the present basis of Austin Rover within BL "continued taxpayers' support will be necessary to give the company even a reasonable chance of *keeping* its head above water."

However, in the Commons on Thursday after the Ford talks had been halted, Mr Channon stressed that collaborative arrangements would become increasingly necessary and important.

**Opposition presses PM on Bristow, and Volvo interest, Page 4;
Europe's dilemma, Page 7**

Kleinwort in Italian joint venture

By James Buxton in Rome

KLEINWORT BENSON, the British merchant bank, is forming a joint venture in corporate financial services with a consortium of 12 provincial banks in northern Italy.

The venture, to be called ABK, will provide intermediation services, organising loan syndicates, Euromarket operations and mergers and acquisitions. It will also operate on behalf of clients in the capital and money markets to meet a growing need of Italian industry for sophisticated financial services.

Kleinwort's principal partner is Area, a consortium of 12 popular banks based in northern Italian cities including Verona, Mantua and Cremona. Popular banks are private sector concerns owned by cooperatives of shareholders. They are known for their close links with local industry and, by Italian standards, for a relatively high degree of innovation.

Area was originally formed to manage one of Italy's new unit trusts, *which operates on* the Milan stock exchange.

ABK, the exact shareholding structure or capital of which *has* yet to be disclosed, is not a merchant bank by Italian definition, in that *it* will not take stakes in companies with a view to selling them later

Nick Bunker in London writes: Kleinwort made a pretax profit of £44.5m in calendar 1984. Its annual report said it was looking towards creating a "world wide securities dealing and distribution business."

It has been adding to its core merchant banking business by dealing in new financial instruments such as futures and swap *options. It is taking 100 per* cent control of Grieveson Grant, the London stockbroking firm.

Kleinwort was the first British merchant bank to open a Tokyo office, and also "forged a link in the global chain" by buying a 50 per cent stake in an Australian company dealing in Australian government securities, the 1984 report added.

It established Kleinwort Benson Cross Financing in Los Angeles in 1984 and also bought a Chicago company which is one of the 36 primary dealers in US Government instruments.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			MEPC	298	+ 10
Acorn Computer	78	+ 11	McKechnie Bros	198	+ 7
Babcock Intl	186	+ 7	Midland Bank	492	+ 64
Bassett Foods	180	+ 17	Next	242	+ 17
BP	553	+ 8	Shell Transport	670	+ 10
Cable & Wireless	610	+ 23	Smith St Aubyn	37	+ 3
Coats Patons	238	+ 9	Storehouse	313	+ 10
Commercial Union	260	+ 13	Taylor Woodrow	518	+ 15
Distillers	620	+ 15	Thorn EMI	404	+ 15
Euro Ferries	157	+ 9	Turner & Newall	146	+ 11
Executex Clothes	80	+ 24	Vitatron	83	+ 38
Gaunt (Rowland)	98	+ 9	FALLS		
Hanson Trust	155	+ 7	Conv. 10pc 2002	£97¾	− ¼
Imperial Group	269	+ 14	Aspinall	164	− 6
Inchcape	385	+ 20	BL	36	− 11
Land Securities	296	+ 8	Utd Biscuits	228	− 4

WORLDWIDE WEATHER

UK today: Dry, cloudy at times, some bright intervals, particularly in W. Some scattered snow. Outlook: Dry, very cold.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	11	52	Corfu	T	12	54	Luxmbg.	S	−5	23	Peking	S	2	36
Algiers	C	13	55	Dallest	F	3	37	Madeira	F	17	63	Perth	C	23	73
Amsdm.	F	−2	28	Dublin	Sn	1	34	Madrid	F	6	43	Prague	S	−9	16
Athens	F	15	59	Dbrvnk.	C	9	48	Majorca	F	12	54	Reykjvk.	F	2	36
Bahrain	F	19	66	Ednbgh.	F	1	34	Malaga	S	14	57	Rhodes	R	11	52
Barclna.	F	9	48	Faro	S	13	55	Malta	F	14	57	Rio J'o		—	—
Beirut		—	—	Florence	S	8	46	M'chstr.	Sn	1	34	Rome	S	11	52
Belfast	S	2	36	Frankft.	F	−2	28	Melbne.	F	29	84	Salzbrg.	Sn	−2	28
Belgrd.	C	−1	30	Geneva	C	0	32	Mex. C.		—	—	S F'cisct	C	8	46
Berlin	S	−6	21	Gibraltar	F	13	55	Miami†	F	20	68	Singapr.	F	31	88
Biarritz	C	7	45	Glasgow	Sn	1	34	Milan	C	3	37	S'tiago		—	—
Bmghm.	C	−2	28	G'rnsey	C	1	34	Montrl.†	F	−22	−8	Stcklm.	Sn	9	48
Blackpl.	C	1	34	Helsinki	S	−13	9	Moscow	S	−13	9	Strasbg.	Sn	−3	27
Bombay	S	28	82	H. Kong	R	11	52	Munich	Sn	−5	23	Sydney	F	27	81
Bordx.	S	3	37	Innsbrk.	F	−2	28	Nairobi	S	30	86	Tangier	C	13	55
Boulgn.	S	−2	28	Invrnss.	S	2	36	Naples	F	13	55	Tel Aviv	F	17	63
Bristol	C	0	32	I.o.Man	F	3	37	Nassau		—	—	Tenerife	C	18	64
Brussels	F	−4	25	Istanbul	F	8	46	Nwcstl.	F	2	36	Tokyo	F	6	43
Budpst.	F	−5	23	Jersey	C	0	32	N Delhi	S	19	66	T'ronto†	C	−9	16
Cairo	F	21	70	Jo'burg	T	21	70	N York†	C	−7	19	Tunis	S	13	55
Cardiff	Sn	−1	30	L. Plms.	F	18	64	Nice	S	10	50	Valencia	F	13	55
Cape T.	S	26	79	Lisbon	C	13	55	Nicosia	S	17	63	Venice	F	2	36
Chicg.†	Sn	−4	25	Locarno	F	2	36	Oporto		—	—	Vienna	Sn	−7	19
Cologne	F	−2	28	London	Sn	0	32	Oslo	S	−2	28	Warsaw	S	−17	1
Cpnhgn.	S	−5	23	L. Ang.†	F	7	45	Paris	F	−1	30	Zurich	C	−2	28

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Midland Bank

branches acquired from Crocker last year.

For San Francisco-based Wells Fargo, *the deal* will almost double its asset base to $38.6bn, ranking it as the 11th *largest US banking group* and consolidating its position as the fourth largest banking group in the competitive Californian market.

The acquisition fits in with Wells Fargo's strategy of concentrating on domestic commercial banking business. The group, which has recently emerged from a period of flat profits and reported a 12 per cent gain in 1985 net earnings to $190m, has been withdrawing *from the international banking* market.

Mr Carl E. Reichardt, Wells Fargo chief executive, said yesterday: "This acquisition is consistent with our strategy of emphasising domestic banking since Crocker Bank has essentially no foreign exposure."

One attraction of Crocker to Wells Fargo is that, as part of Midland's substantial reorganisation, Crocker has a clean balance sheet with the *lowest ratio of troubled loans* among the big Californian banks and the highest loan loss reserve.

The bank's Californian retail bank operations appear complementary. Crocker, with about 3.6 per cent of all consumer *deposits in California, has* a large branch system and particular strength in Southern *California while Wells Fargo,* with a 5 per cent share of total deposits, is stronger in the *northern part of the state.*

On Wall Street, where there has been considerable concern about the exposure of large US banks to troubled third world debtors, investors gave the deal an initial favourable response pushing Wells Fargo's shares up $1⅜ to $62⅞.

Wells Fargo is the latest in the growing number of US banks retreating from international lending to focus on building up their presence as *leading regional banks with a* traditional mix of corporate and retail business.

California, as the biggest and one of the fastest growing banking markets in the US, has brought fierce competition.

Serious credit quality problems have led to heavy losses at BankAmerica, the state's biggest banking group, and depressed the profitability of many medium sized banks including Lloyd's and Barclay's Californian subsidiaries.

The merger seems likely to *intensify competition* for deposits since local bankers say that Crocker, under Midland's direction, has not been particularly aggressive.

Continued from Page 1

Tin market

£60m to £100m. This followed a significant concession by the UK Government in unilaterally offering £25m for the rescue because of its special interest in the LME, if the ITC raised £100m.

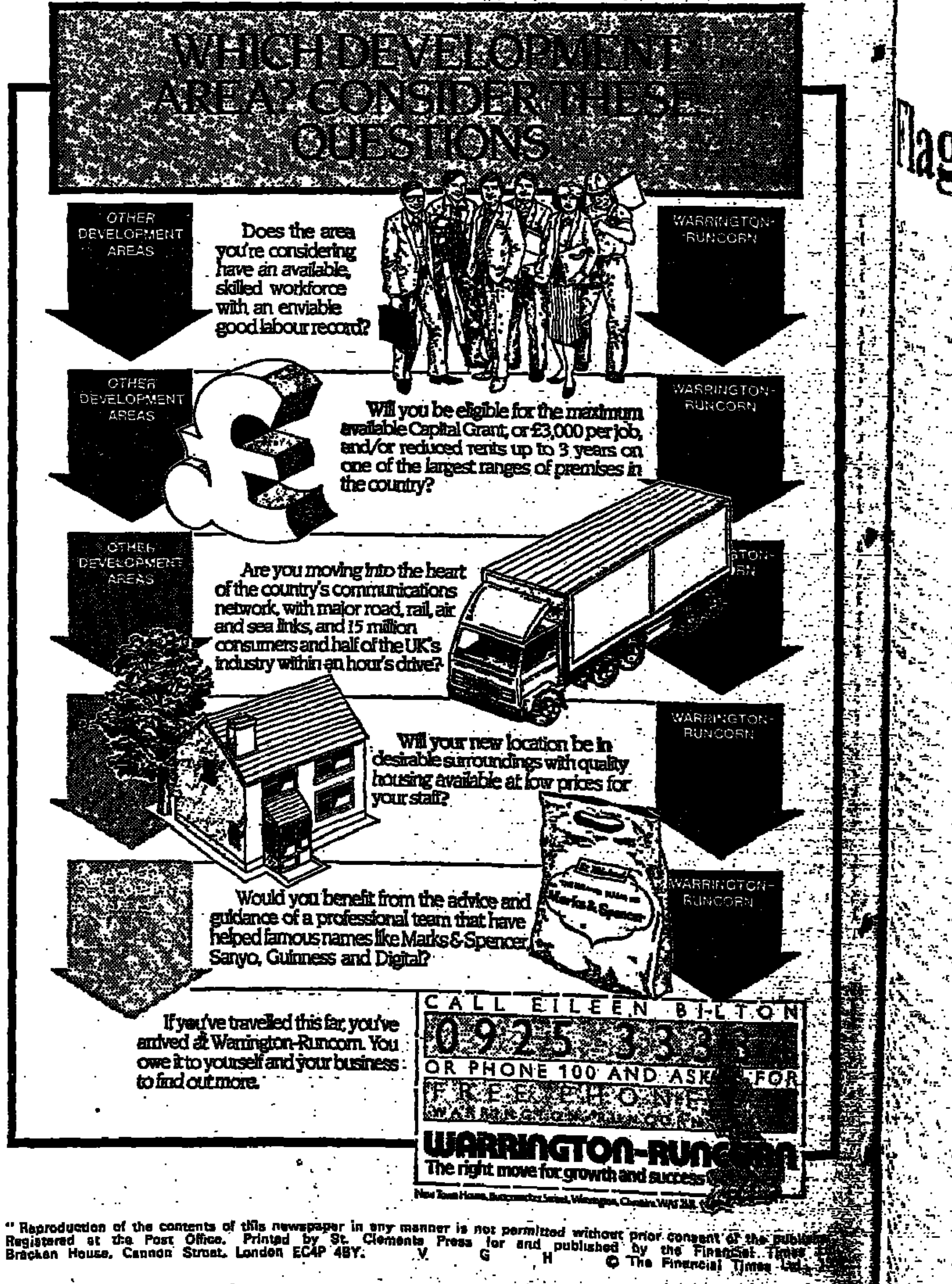
The combined total of £125m still falls short of the £200m demanded by the creditors. But there is further room for manoeuvre because the Government has said that it will put up a further £25m if the council contribution rises to £120m.

Moreover, the creditors indicated informally yesterday that they might then raise their contribution to the rescue from £70m to £100m. The funds raised would then total £245m, against the £270m the creditors originally said was needed to refinance the council.

The money would be used to set up a new company—Newco —*to take over* the council's assets and liabilities and to sell off its tin stockpile.

In spite *of British concessions* and continuing diplomatic pressure, a settlement will still not be reached rapidly. Delegates from the 22-nation International Tin Council have adjourned their emergency meeting until Wednesday

Among the issues they have to discuss are: the extra finance; a creditors' proposal *for a £50m loan guarantee to* help secure necessary new borrowings; the administration of Newco; and the future of tin export controls.



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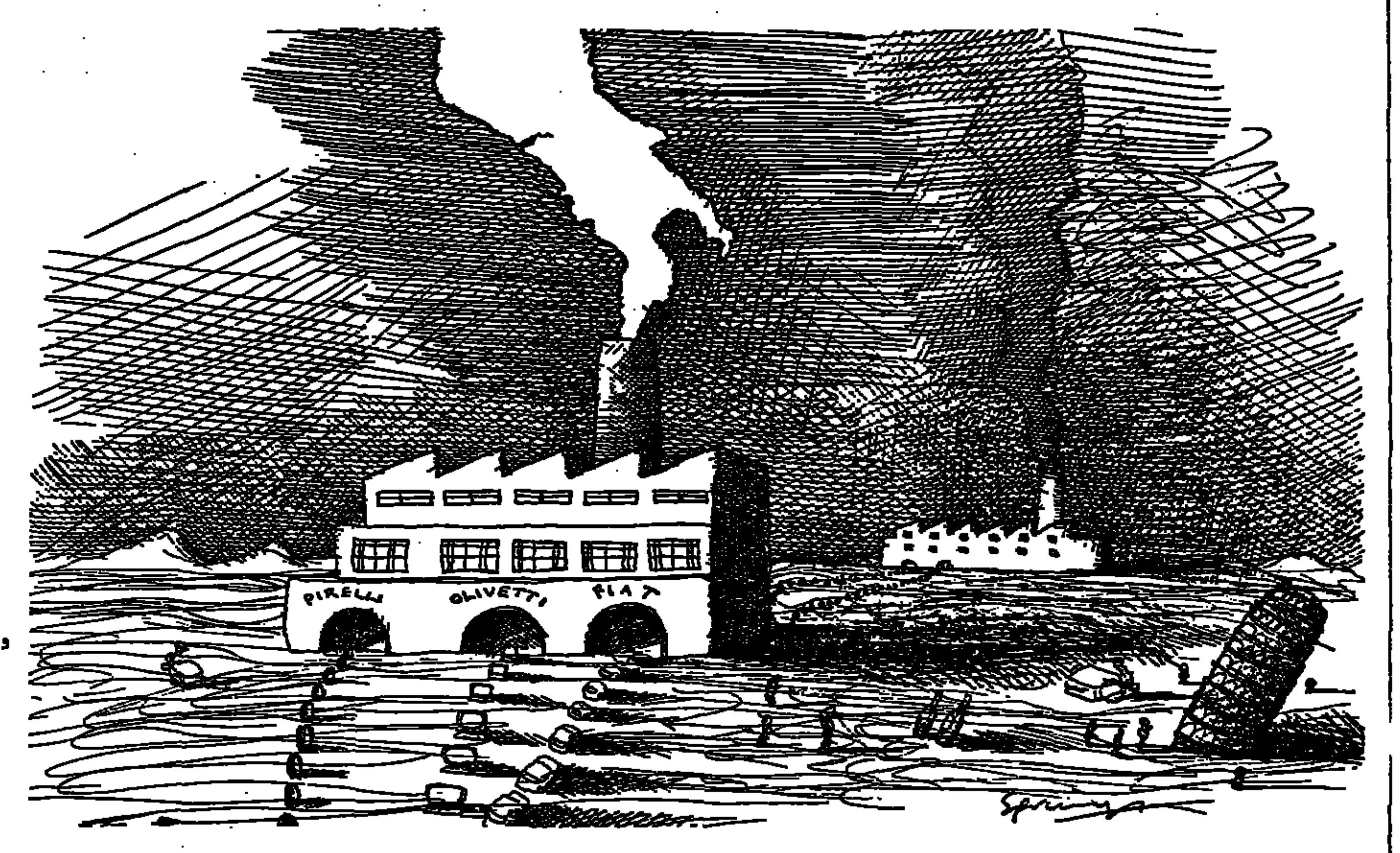
WEEKEND FT

Saturday February 8 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Machiavelli's market

A new generation of financiers in Italy seems determined to catch up with Wall Street and the City of London. **Alan Friedman** in Milan looks at the new style of Italian capitalism which is breaking down the old, secretive oligarchies.



UNPRECEDENTED company takeovers and record profit levels; a booming stock market which for the first time is attracting the small investor; successful privatisation share offers for state industry; the decline of old families who have been the barons of finance and industry for decades; and the rise of a new generation of financiers who treat Italy as though it were Wall Street—that is the new-style Italian capitalism.

The change over the past five years—and particularly during the past 12 months—is startling and impressive. Put simply, the country's old feudal system of company citidels, secret alliances and oligarchic control of finance and industry is beginning to break down. Italy's financial market and corporate culture is modernising fast, anxious to catch up with Wall Street and London, the principal role-models.

The change has brought a new prosperity to the stock market, attracting serious investment from foreign institutions and from newly authorised Italian unit trusts. Last year, the Milan bourse grew faster than any other stock market in the world—the BCI share index rose by more than 100 per cent, bringing the total market capitalisation from $28bn to more than $53bn.

Meanwhile, a series of battles broke out inside the private sector establishment which had traditionally operated as an exclusive club. Newcomers such as Carlo de Benedetti, the Olivetti chairman who is also building a personal empire, have challenged the old families in a way that would have been unthinkable a few years ago.

The newcomers have not invented anything new. They have merely made use of the market to draw capital resources and to invest. That seems logical enough to the Anglo-Saxon frame of mind but this is Italy, where the way of thinking is far less straightforward and conspiracy theories abound.

While the foreign investor might say: "If they want to battle it out, that is their business — I just want my capital gain," it is still useful to have a basic understanding of the motivations and ambitions of the Agnelli's, de Benedettis, Pirellis and other key players in Italian finance and industry.

Edi Cetin, one of the most astute financial analysts in Milan, says: "We in Italy are used to 500 years of Machiavellian intrigue and our economic life has been based on alliances, plots and fiefdoms. Now, all of a sudden, we have discovered something called a market, where people buy and sell. The market has been superimposed on the old power centres and people are beginning to realise that the market itself is a powerful force."

A brief look at the events of 1985 shows how the growth of the market spurred change in Italian capitalism. The bull run on the Milan bourse was a result of several factors which, taken together, constituted what one analyst called "a unique alignment of the planets."

The political stability of Prime Minister Bettino Craxi's Government, pressure from the Bank of Italy and the Consob stock market regulatory agency for more rigorous financial disclosure, and a significant restructuring of balance sheets by many companies, were among the prime elements. An average 35 per cent rise in corporate profitability in 1985 (expected to continue this year) and more stable labour costs also helped.

However, the most significant development was the arrival a year ago of more than 30 newly authorised unit trusts which offered Italian savers an alternative to bank deposits, postal accounts and treasury bonds. Italy's *rigid exchange controls mean there are* few legal ways of investing internationally, and the country has a savings ratio of about 20 per cent—second only to Japan.

By the end of last month, the unit trusts in 12 months had attracted 911,000 individual investors, who placed the *equivalent of £10.4bn into the managed* funds. About a quarter of the funds were invested in the Milan bourse, an enormous injection in a market with only 180 quoted companies and fewer than 30 actively traded shares.

The bourse was no longer the domain of a few big banks and insurance *groups who managed prices and did* much of their business away from the actual market. At the same time foreign institutions from London, New York, Tokyo and elsewhere also saw the demand side of the equation in Milan. Foreign investors now hold around 5 per cent of the bourse, having invested between $2bn and $3bn in the past couple of years.

According to one senior banker, the real revolution in 1985 was that "Italian finance no longer needed the old feudal system, but learned instead that there are thousands of investors ready to stump up."

As the bourse went soaring a few of the newcomers started applying Wall Street techniques. The most clamorous instance was last summer when Mario Schimberni, chairman of the Montedison Chemicals groups, bought control of the Bi-Invest industrial and financial group from stock market raiders.

The Montedison takeover of Bi-Invest would be considered an everyday event in Wall Street or London. In Italy it took the form of a palace coup because Mr Schimberni was defying the wishes *of Fiat and other members of the* private sector elite, who were then Montedison's largest single shareholders and had exercised control of a network of corporate power since the late 1940s.

Take the case of Giovanni Agnelli, the 65-year-old chairman of Fiat, Italy's largest private sector conglomerate which *last year had total turnover of* L23.813bn (£9.8bn). His influence in Italy would be hard to describe in Anglo-Saxon terms. For Italians, there is an extraordinary mystique about him. He is know simply — and deferentially —as *L'avvocato* or "the lawyer" although he has never practised. With the help *of his workaholic managing director,* Cesare Romiti, he has taken Fiat from the brink of disaster in the 1970s (terrorism, strikes, a weak balance sheet) to new heights of success.

Mr Agnelli is also the leader of a private sector élite which for the past generation has exercised near-absolute control over *an array of leading* companies in industry and finance. This web of power was the design of one of the few men to whom Mr Agnelli looks up—78-year-old Dr Emrico Cuccia, a director of Mediobanca, the state-controlled merchant which has nonetheless served the interest of Mr Agnelli and *his allies. They include Leopoldo* Pirelli, chairman of the tyre and cables group that bears his name. Control has been exercised via a network of industrial cross-holdings held by Mediobanca.

The secrecy of Mediobanca is striking, even by Italian standards. Shares have traditionally been shunted about without cash changing hands and the Agnelli Pirelli alliance, with several lesser industrialists as junior partners, has constituted what is known as the Ala Nobile ("noble chamber") of Italian industry *and finance. Outsiders such as Mr de* Benedetti or Mr Schimberni were regarded as upstarts who could not be admitted to the club. Any major corporate deal tended to require the Mediobanca blessing or it did not succeed.

In 1985, things began to change. The previous year, Dr Cuccia had gone to *Professor Romano Prodi, the IRI chair*man to propose the privatisation of Mediobanca by means of transferring a 5 per cent packet of shares in Generali, the leading Italian insurer, from a Luxembourg shell company owned by Lazard Frères of Paris. Lazards would receive 20 per cent of Mediobanca in exchange. *Professor Prodi turned down* Dr Cuccia and a war broke out between IRI, backed by the Christian Democrat party, and the forces of Mediobanca and Mr Agnelli.

Last March, a Rome magistrate informed Dr Cuccia that he was being investigated in connection with an IRI *embezzlement scandal dating from the* 1970s. IRI tried to oust Dr Cuccia from Mediobanca, but he succeeded last autumn in obtaining a seat on the board as representative of Lazards, a minority shareholder.

Mr Agnelli's Turin headquarters was further irritated by the rapid rise of 51-*year-old Mr de Benedetti. As Olivetti* chairman and chief shareholder, he had turned the group into Europe's leading office supplier and a global ally of American Telephone and Telegraph (AT and T).

Last summer saw the first open challenge to the authority of the "noble chamber." Mr Schimberni at Montedison defied Mr Agnelli, who was his largest shareholder, and took over Bi-Invest, whose chairman, Carlo Bonomi, was a junior partner of the private *sector elite. There was much talk of* "punishing" Montedison, but in the end, Fiat and other Montedison shareholders decided to abandon the fight, sell their stakes and invest the proceeds elsewhere, probably in insurance.

Francesco Micheli, the stock market raider who engineered the Bi-Invest takeover, says: "The success of my operation was based on the fact that the old families count less than they used to and there is cash liquidity available in other places. Some of the junior members of the noble chamber are cash-poor."

More recently, Mr Agnelli and Prime *Minister Craxi have become involved in* something like an open war. They have done battle on issues ranging from the Fiat-Sikorsky rescue bid for Westland (Fiat accuses the Government of blocking a proposed Westland rescue alliance with Agusta, the state helicopter company, which is a member of the Euro*consortium) to the issue of who controls* the Corriere Della Sera newspaper.

In spite of last year's setbacks, Fiat has fought back in recent weeks with moves to reassert its position as the definitive leader of Italian industry and finance.

Mr Romiti recently became chairman *of Gemina, the holding company in which* Fiat is the largest shareholder and which includes Pirelli and other allies. Gemina sold out its Montedison stake and is likely to be a more important vehicle for the "noble chamber."

Gemina has taken 56 per cent — majority control — of the Rizzoli publishing group which includes the Corriere Della Sera. Fiat already owns La Stampa, the Turin daily, and a fortnight ago the parliament's media watchdog ruled the Fiat-Gemina takeover of *the Corriere to be illegal. The issue* now goes to the courts, but could take years to resolve because Italy's laws on concentration of press power have rarely been observed in the past.

To secure control of the Corriere Gemina formed a new alliance with the old Catholic industrial establishment *which had been in retreat since the* collapse of the late Robetro Calvi's Banco Ambrosiano in 1982.

Although it is rarely admitted in public, Mr Agnelli's chief opponent in Italian industry and finance is Mr de Benedetti, who is trying to assemble a rival empire. He controls as assortment of interests through his family holding vehicle — Cofide — and also via his master company, CIR.

The interests include 13.7 per cent of Olivetti (negotiations are under way to acquire a 7 per cent Olivetti stake held by Alcatel of France); 45 per cent of the Buitoni-Perugina pasta and chocolates group (acquired last February); 21 per cent of Euromobiliare, a Milan investment bank; plus important holdings in the L'Espresso and Mondadori publishing groups, Banca Agricola Milanese and Credito Romagnolo, two private banks, the GIM metallurgy business, the Sasib cigarette-making machinery business, and more.

Mr de Benedetti has something like L800bn of liquidity as a result of his various share issues in the past year. He is expected to make more acquisitions in the foods industry, although his signed contract to buy (and thus privatise) the SME state foods group has been blocked by political opposition in *Rome.*

That there is no love lost between the de Benedetti and Agnelli camps is clear from the way the two men behave. In a recent television interview, Mr de Benedetti was asked his opinion of Mr Romiti. He paused before replying with an inelegant and extremely frank description: *the Fiat managing director,* he said, was a culo di pietra or "granite bottom." At other times Mr de Benedetti has dubbed Mr Romiti "the accountant." The epithets have been returned.

In spite of the semblance of conflict, it is possible that a kind of armed truce could break out between the de Benedetti and *Angelli* camps. Among the reasons is a new willingness on the part of Mediobanca to co-operate with Mr de Benedetti on transactions. The prospect for a non-aggression pact between the old club and Mr de Benedetti is likely to emerge in a few weeks and will concern a deal between him and the Pirelli *group. Mr de Benedetti said in December* that he had been invited to join the shareholders' syndicate that controls Pirelli as well as the Milan holding company that is the largest shareholder in the Pirelli group. At the same time, Mr Leopoldo Pirelli — for the past generation, Mr Agnelli's closest ally — *announced that he would acquire a stake* in Mr de Benedetti's empire.

The Pirelli-de Benedetti share swap and alliance mean that the Olivetti chairman has been more or less accepted inside the "noble chamber." No doubt he will be kept at arm's length, but at least relations between Pirelli and de Benedetti *will be friendly.*

Thus, the new style of Italian capitalism is bringing with it a kind of reform: markets are modernising, the control of finance and industry is becoming more pluralistic, and new blood is being brought to an economy which has grea potential.

The Long View

Flag-waving makes poor managers

Bad management is largely to blame for the British motor industry falling into the hands of *its overseas* competitors. Anthony Harris has a sorry story to tell...

HOW MANY of the MPs who have been shouting patriotic *slogans* about the British motor industry this week would buy shares in Austin Rover if it were privatised? How many are even owners of Austin-Rover cars? The answers, I suspect, are respectively "None," and "Not many." It *would be easy* to accuse them of hypocrisy; but in some circumstances hypocrisy is only an ugly name for a very widespread human failing, a reluctance to face extremely painful facts.

The facts about British management failure — a failure which stretches back more than 100 years now—are painful. Perhaps I should warn you, like a TV announcer, that what follows is frank about the facts of life.

Sometimes unpleasant facts can even be encouraging, in a way. My own memories of what is now Austin Rover stretch back to the time when not even the BMC merger which formed Austin-Morris had been consummated. That merger soon produced seething discontent in the previously quite peaceful Nuffield empire, so the BMC management had the idea of inviting journalists from all the towns where they operated to Longbridge to meet the directors.

As a newly hatched motor industry correspondent I accompanied my editor on this trip. In three days we learned one fact; this, in those days, was an industry whose public relations ran entirely on gin. My editor and I concluded, 30 years ago, that BMC had no long-term future.

In fact it took just over a decade for this management team to bring a company, which started out with two-thirds of the British market, to its knees. This decline attracted a good deal of publicity because one director (not part of the original team) was in such despair that he took pains to brief the press about each successive disaster, in the vain hope that City institutions would wake up and sack the board. The rest you know.

The encouraging thing about this history is that things are not quite as bad as that any more. Another memory of that time concerns Unilever. A friend was commissioned by the then Prices and Incomes Board to do a study of detergents, to see whether the *public* was being rooked. He discovered that the US-owned Procter and Gamble was indeed making "excessive" profits—selling, at Unilever prices, products on which Unilever was making a loss. Yet Unilever is now a high flier.

There is still an awful lot wrong, though. For example, one of the strongest arguments deployed by the flag-waving school of industrial strategy is that Austin Rover must remain British to protect the market *of its component suppliers, who* employ far more people than AR itself. Yet it can be argued that it is the component-makers who have done more than anyone to kill their own customers. Studies have shown that much of the poor quality-reputation of British cars is due to the failure of bought-in components.

More recently, it took Nissan two humiliating years (humiliating for us, that is) to find suppliers to meet its own quality requirements and the Government's requirements for UK content; and only this week Mr Harry Hooper, President of the Society of Motor Manufacturers and Traders, was telling the component-makers that their products are *still* not up to snuff. The old BMC, incidentally, was legendary in the industry as a soft touch, paying too much for rubbish.

Indeed, it cannot be taken for granted that preserving Austin Rover will do much to protect its suppliers. While it is seeking, as Jaguar has done, to impose decent quality standards on them, rather belatedly, it has already begun to seek salvation in buying components from overseas; and as *it* inevitably turns to more collaborative ventures, like those with Honda, to share the otherwise crippling costs of developing new models, it will be exposed to more temptations to import. It can only be competitive itself if it can buy competitive price and quality.

The general lesson in this sad story is familiar stuff: it is no good attacking the multinationals for pursuing policies which simply reflect the reali*ties of the market.* They get a bad name simply because they are alert enough and unsentimental enough to react to market realities rather earlier than most.

The painful question, though, concerns the flag-waving issue. Why are the British such consistently poor managers? Is it because British institutional investors evade their responsibilities as shareholders, as my friend on the BMC board complained, and as Lord O'Brien used to preach from Threadneedle Street?

Is it because of the British education and class system, which seems to make it hard for British managers to get on with British workers, as with the Toshiba television plant in Plymouth, which was only saved after Toshiba bought out its British partners, Rank, and put in its own management? Or is it simply, as a trade union leader complained at Nedo this month, that British managers are more concerned with their golf and their perks than with success?

The answer to all these questions is probably "yes — in part." Even the wage statistics, which show that pay rises march on despite rising unemployment and falling disputes, suggest that management places an excessive premium on an easy life. Yet experience also underlines another truism that investors have always known: there is nothing in the British system which cannot be overcome by really successful leadership. Often we have to import it — Jules Thorn, Murdoch and Maxwell in our own industry, or Ian McGregor and Graham Day in the state sector.

The market knows this. Indian-sounding names are now in fashion, despite some nasty setbacks. Even committee-run giants like ICI can be energised by an individual; and even successful companies can go into decline when the leader is lost. The US taxpayer was baled out after rescuing Chrysler not by a bid but by Mr Lee Iacocca. We might try importing one — or perhaps try privatising Mr Michael Heseltine.

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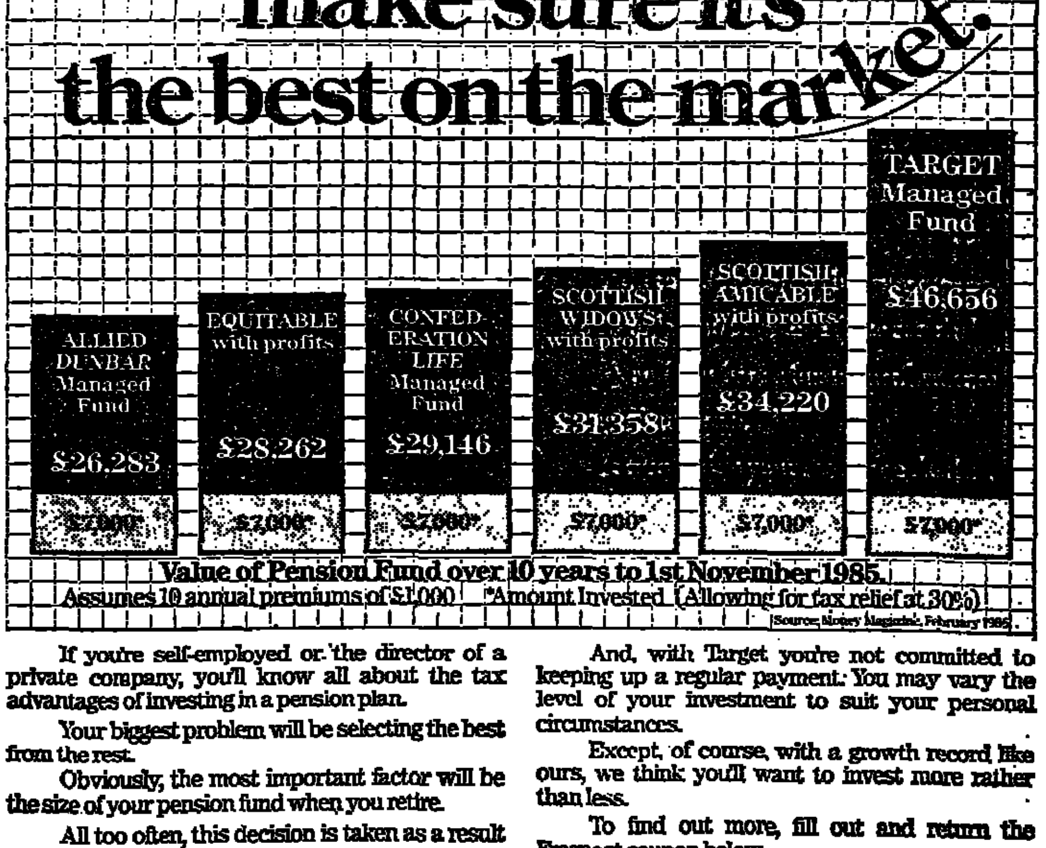


A healthy week despite those shivers from Opec

London

THOSE WHO called for caution in the last few weeks are beginning to feel a touch embarrassed. The equity market continues to show a shameless health with the 30-Share Index almost daily collecting another "new high" and the All-Share now within a gasp of last November's peak.

That is not bad going in a week where the Vienna Opec meeting sent further shivers through the oil market, dropping the price of North Sea crude below $16 a barrel, leaving sterling a little jittery and three-month interbank rates testing the ground above 13 per cent for two days running.

Despite the jumpy money market the threat of much higher base rates has receded and sterling seems to have settled around the $1.40 mark or a little below it. And even though the analysts said Mr Lawson's tax cuts would no longer happen, he is said to be looking for a £1bn cut despite the slump in revenue from the North Sea.

So as long as there is not an enormous queue of rights issues waiting around the corner to sap institutional strength the equity market appears to have little in its way to trip it up over the next couple of weeks. Certainly there was not the least sign of concern about the immediate outlook on the faces of the stags who charged through the snow at the last minute yesterday clutching multiple applications for the Wellcome issue.

In the takeover area the only two blockbuster bid battles that are still seriously being fought are Hanson's offer for Imperial and the two opposing bids for Distillers from Guinness and Argyll. In theory all of these could be shunted out of the news by a Monopolies reference, joining the company of Elders/Allied and GEC/Plessey.

The market is expecting clearance—or otherwise—of Hanson's bid any day and had assumed that action on the Distillers' front would be fairly limited until an OFT decision was made on Guinness's bid—Argyll has already been cleared. As the brewer owns Arthur Bell there are obvious grounds for a reference if the OFT is so inclined.

So while there was still a chance that its rival would be grounded it was surprising to see Argyll come forward this week with a higher offer of £2.3bn against Guinness's agreed terms of £2.2bn. But it does return the initiative to Argyll.

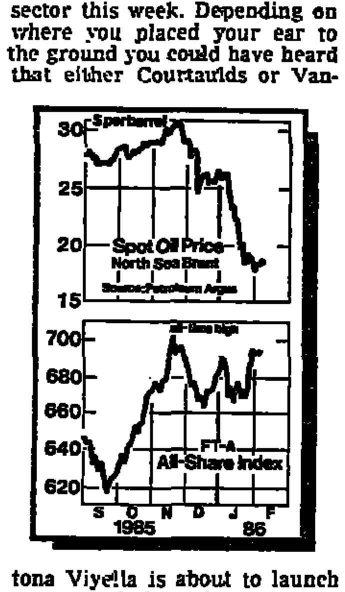
For a start it allowed its merchant bankers to step into the market and buy 6m shares and it can now put hand on heart and tell Distillers' shareholders that they will not be disadvantaged by a Monopolies reference for the opposition. This may make the decision-making process in Whitehall a little easier for a Guinness reference that allowed the food retailer to continue with its lower bid might have seemed inequitable.

Of course, the OFT could still refer both bids with a clear conscience now that Argyll has changed its terms, or equally wave both through to allow the dog-fight to continue.

Assuming the latter for the moment, Argyll has set a new base line around the 640p mark against the 600p price agreed with Guinness. Distillers' shareholders are at least getting value for their shares now with an exit p/e of around 15 while at the same time, the sort of numbers Argyll is providing about earnings potential shows that neither bidder is overpaying yet. Both could afford a bit more and something around 660p to 670p would still be a reasonable price

The market can only speculate as to whether it will be treated to the sight of Guinness and Argyll leapfrogging forward until one gives in or one goes for a knockout offer.

Still, speculation is dear to the market and it certainly indulged itself with the textile sector this week. Depending on where you placed your ear to the ground you could have heard that either Courtaulds or Vantona Viyella is about to launch a counter bid for Coats Patons; Alan Lewis is ready to sell his controlling stake in Illingworth Morris; bids are imminent for Readicut and Tootal or that . . . the stories are endless.



The catalyst for the rumour-mongering is the agreed offer by Dawson International for Coats Patons. The argument goes thus: if two of the big players are getting together the field is wide open and if sleepy Coats is worth an exit p/e of double figures, even with a question mark hanging over the quality of some of its earnings, then one or two of the smaller fry could get much better prices.

It is said that Courtaulds is not going to bid for Coats and undoubtedly some of the market rumour is transparent bunkum but nevertheless, Vantona Viyella (figures out next week) is undoubtedly itching to make a move following the merger with Nottingham Manufacturing last June.

With a market capitalisation of around £470m Vantona is big enough to contemplate a rival bid for Coats and it, like Dawson, has respected management which should make issuing a chunk of equity a fairly smooth process.

Yet while Vantona has made little secret of its ambition to become an international garments group — and Coats could provide some very useful overseas exposure — it could take at least 250p a share to see off Dawson in convincing style. At that level Coats is hardly a bargain.

Perhaps Vantona will be tempted to set its sights a little lower. Tootal's market capitalisation is around £150m and there are no large blocking holdings that could deter a predator. The shares are not expensive and Vantona's marketing experience could ginger up Tootal's UK branded menswear without too much difficulty. However, one potential stumbling-block is the attitude of Marks and Spencer which might not want to see another supplier slipping into the Vantona camp.

Whatever McKechnie Brothers is saying in public, its £60m all-equity offer for fellow Midlands engineer, Newman Tonks, looks defensive. Williams Holdings, which has now got itself a reputation as one of the up-and-coming of the sector, announced that it had over 5 per cent of McKechnie in December when the price was around 160p. Williams had been buying since the summer when the shares were as low as 112p.

Newman Tonks for its part does not want anything to do with McKechnie, and its full year figures, showing a pre-tax rise to £6.42m, suggests an exit p/e of under 10, which is not an overwhelming price for a company which has some good little operations and would fit in well with McKechnie.

Williams will not be rushed into action yet. It could try and take out McKenchnie now before it swallows Newman or it may well sit back and twiddle its thumbs hoping that the bid is successful but all the extra equity washing around the market will depress its prey's price and leave it vulnerable:

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985/86 High	1985/86 Low	
FT Ordinary Index	1,187.7	+26.7	1,187.7	911.0	Run to record levels continues
FT Gold Mines Index	322.0	−19.3	536.9	217.6	Downturn in bullion/profit-taking
Treasry 10pc 2003 (£35 pd)	36¾	+ 0⅛	36⅞	34¾	Higher base rate fears fade
Allebone	60	+13	65	34	Persistent speculative demand
Amstrad	286	+30	288	64	Compact disc profits potential
Breakmate	218	+38	218	90	Agreed bid from Sketchley
BP	553	−24	605	473	Fall in oil price continues
Brown Boveri Kent	90	+14	97	70	Proposed privatisation of water industry
Bullough	253	+40	297	135	Good annual results
Distillers	620	+55	625	270	Increased offer from Argyll Group
Executex Clothes	80	+26	80	27	Persistent speculative demand
Imperial Group	269	+23	271	162	Hanson bid clearance hopes
Jaguar	435	+45	438	237	Fresh US support
Lasmo	168	−15	378	165	Depressed by oil price slide
Midland Bank.	492	+62	508	323	Sale of Crocker to Wells Fargo
Neill (James)	201	+31	202	118	Takeover speculation
Northern Foods	284	−16	304	204	Broker downgrades profits forecast
Reed International	705	+30	743	530	Broker's recommendation
Wadkin	186	*−16	190	90	Agreed bid from T. Robinson

*Based on last Friday's suspension price.

A time to say goodbye

USM
UNLISTED SECURITIES MARKET

THE OFFER for sale this week of the Throgmorton USM Trust was not exactly a flop, but it has to be said that the response was somewhat underwhelming. Of the 11.3m ordinary shares on offer, only 68 per cent were taken up.

Not surprisingly, the 2.8m 5½ per cent cumulative partly-convertible redeemable preference shares, which must have raised many a quizzical eyebrow, proved still less attractive with only 48 per cent taken up.

Throgmorton had found buyers for 58 per cent of the ordinary shares and 44 per cent of the preference shares before the offer was made, so unsolicited applications accounted for only 1.2m of the ordinary and 96,350 of the preference shares.

Robert Seabrook, managing director of Throgmorton Investment Management Services, the fund manager to the trust, admits to a little disappointment over the result and blames jittery market conditions in the run-up to the offer. "We experienced a strong demand for prospectuses but it simply wasn't followed through in demand for the shares from private investors," he said.

Not that any great harm has been done. The shares left unsold have been taken up by the underwriters so most of the issue is in firm institutional hands; and although a strong response from private investors would have put more icing on the cake, Mr Seabrook is quite content with the sponge.

Meanwhile, the first few weeks of 1986 have presented an unusual scenario to the USM observer accustomed to the market's seemingly inexorable growth, for the three new issues announced so far this year have been outnumbered by three acquisitions, two promotions to the main market, and one receivership.

The two departures announced this week were Sketchley's proposed acquisition of Breakmate, the supplier of drinks vending machines, and the appointment of a receiver to Castle (GB), the distributor of fitted kitchens.

Breakmate has put in a strong performance since coming to the USM in October 1984 and looks an attractive buy, although Sketchley is paying the price for its diversification: no one could say that Breakmate looks cheap on an exit multiple of 19.

One picturesque sideline to the Breakmate story, as the last report and accounts reveal, is that a noticeable chunk of the company's assets is tied up in two boats, one on the Thames and the other on the Spanish isle of Ibiza. The terms of the acquisition do not spell out whether these are being passed over with the rest of Breakmate's assets; but if Sketchley's board of directors appears at the next AGM in plimsolls and sou-westers, shareholders will doubtless form their own conclusions.

If Castle's ignominious departure into the hands of the receiver has a bright side, it is that it serves to remind investors just how rare receiverships are on the USM. Only four companies have gone this way before, the last of them—IO Technology—as long ago as April 1983.

Although Castle had deversified more recently into bathrooms and kitchen appliances, the core of its business was importing and distributing fitted kitchens made by W. F. Rational Einbaukuchen of West Germany.

Floated on the USM at 80p in May 1983, Castle chased growth vigorously through heavy investment in supplying stockists with display units and building up stocks to meet rising demand. At first the formula was successful, but late in 1984 it began to turn sour as increasingly competitive market conditions put pressure on prices and led the company into still heavier promotional spending to maintain market share.

With Castle's losses mounting, Rational attempted a rescue last August by wiping out £1.2m in trade debts in exchange for 29 per cent of Castle's equity. This delayed the crisis but failed to avert it: in November, Castle announced pre-tax losses of £2.2m against the previous year's profits of £1.5m; and in December it said it was discussing the sale of its Rational distribution set-up to Rational for £2.9m.

This week, it was announced that Rational had called off the talks and that Castle had had no alternative but to call in the receiver. Its shares were suspended at 11p.

So what is in store now for Castle's unfortunate shareholders?

The answer is almost certainly nothing. Debts were nearly £7.5m at the last balance sheet date in July 1985 and will certainly be much higher now, so there is little to suggest that the business would prove attractive to a purchaser.

The most likely outcome is that the receivers will fulfil their responsibilities to the creditors by disposing of the assets piecemeal for the best price they can get. There will not be enough for everybody, however, and the sad fact is that when it comes to dealing out the proceeds, there is nobody, but nobody, behind ordinary shareholders in the queue.

Richard Tomkins

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Anglo-Indo Corp	196§	180	166††	11.63	Plant & Gen Invs.
Automotive Prods	204§	201	128	114.75	BBA Group
Breakmate	220*§	218	200	7.96	Sketchley
Business Comptr	25§§	23	20	1.47	Electronic Data
Charterhouse Pets	109§ §§	100	66	147.44	Petrofina
Coats Patons	231	238	203	639.13	Dawson Intl
Davenports (Brw)	428	385	368	34.73	Wlvhmptn &Ddly.
Dew (George)	91	88	92	7.28	Bremner
Distillers	515½§§	620	510	1.872bn	Argyll Group
Distillers	585§ §§	620	576	2.125bn	Guinness
First Castle Elec	181½	174	111	46.92	Morgan Crucible
Gomme Hldgs	87*	84	59	11.22	Millmine
Group Lotus	129½*	128	120††	22.74	GMLG
Imperial Group	247½§§	269	242	1.871bn	Hanson Trust
Inn Leisure	93½	119	116	24.60	Devenish
Macarthy's Phar	275*§	285	257	36.22	Jadello
Newman Tonks	132	131	96	41.36	McKechnie Bros
Somportex	28¼*§	186	27	0.79	Messrs N. Wray & C. Mattock
Sonnesson	190*‖	£18	£13¼††	3.23bn‖	Fermenta
Spencer Clark	140*	146	131	7.03	Williams Hldgs.
Stanelco¶	10*§	42	38	0.54	Brand Promotions
Thomson T-Line	50*	128	48	0.50	Diamond
Utd Biscuits	336	228	278	1.263bn	Imperial Group
Utd Com & Tech	95*	108	70	2.38	Harvard Secs
Utd Com & Tech	112½§	108	105	2.81	Park Place
Wadkin	195	186	170††	9.30	Robinson (Thos)
Wagon Finance	137½§	133	124	32.52	MAI
Watson (R. Klvn)	275*	265	248	8.25	Coopervision
Williams (J.)	23½§	34	20	1.36	Wyndham Group
Yarrow	496§ §§	540	485	14.25	Weir Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on February 7 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kroner.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aaronson Group	Sept	3,740	(3,080)	9.5	(10.0)	4.2	(4.2)
Anglo Utd Dev	Oct	3,240	(160)	2.4	(—)	—	(—)
Bowring, C. T.	Dec	47,400	(34,800)	—	(—)	—	(—)
Bullough	Oct	12,370	(10,139)	21.1	(18.0)	8.2	(7.1)
Goode Durrant	Oct	2,240	(2,570)	3.6	(5.7)	1.75	(1.25)
Newman Tonks	Oct	6,520	(5,690)	13.0	(9.8)	5.5	(5.4)
Plastic Cons	Sept	472	(277)	—	(—)	2.8	(2.67)
Ruo Estates	June	1,550	(4,200)	65.2	(151.0)	7.0	(16.0)
Willoughbys	Sept	507	(642)	16.2	(12.6)	4.0	(5.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aerospace Eng	Oct	331	(356)	1.32	(1.2)
de Brett, Andre	Sept	112	(37)	—	(—)
Datron	Dec	502	(363)	—	(—)
Dyson, J. & J.	Sept	301	(159)	2.0	(2.0)
Flextech	Nov	1,450	(2,030)	—	(—)
Ford, Martin	Nov	235L	(40)L	—	(0.05)
Global Group	Nov	173	(152)	1.0	(1.0)
Haynes Pub	Nov	850	(836)	5.0	(4.0)
Howard Shut	Oct	306	(635)	0.7	(0.7)
London Secs	Sept	157L	(301)L	—	(—)
Neepsend	Sept	355L	(102)L	—	(—)
New Court Nat R:	Sept	213	(919)	—	(—)
Smith Whitworth	Sept	129L	(131)	—	(—)
Text Jersey	Oct	533	(317)	2.25	(1.75)
Trade Prom Serv	Oct	96L	(208)L	1.15	(1.05)
Unitech	Nov	4,830	(7,040)	2.24	(1.96)
Wholesale Fit	Oct	2,220	(2,107)	1.87	(1.7)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUES

Dares Estates—To raise £1.0m through a three for ten rights issue at 6½p.

Micro Business Systems—To raise £7.8m through a two for five rights issue at 56p.

It's good news from Reuters

Results due next week

REUTERS has yet to disappoint the City since its flotation in 1984 and Wednesday's set of final results should be no exception with analysts anticipating a 35 per cent increase in profits to £100m.

As the company warned when its interims emerged, the second half of the year has been more sluggish than the first with projected profit growth of 29 per cent compared to 44 per cent. The recent acquisitions, News Picture from UPI and Rich in the US, are still absorbing capital. Reuters is a past master at currency hedging but with 85 per cent of earnings sourced overseas, the strength of sterling must have taken its toll on turnover.

Business is buoyant across every division, however, and Reuters has been characteristically active in new product development. The City expects further growth of 25 per cent to £125m for the next financial year.

The restrictions on share dealings imposed at the time of the flotation came to an end in early January. Almost all Reuters' newspaper publishing shareholders will need to realise capital for investment in new technology over the next few years. The inevitability of sales could be expected to depress the share price, but the disposal of more than 10 per cent of B shares at the end of last year should obviate this, in the short term at least.

After so much bad news from consumer electronics, **AMSTRAD'S** launch of a £399 all-inclusive word processing package last year was a welcome tonic to the deflated home computer market.

The market's effusive mood was further buoyed by November's bullish AGM which had the analysts clucking happily as they boosted profit forecasts for 1985-86 by a quarter. On Tuesday comes the chance to taste Amstrad's Christmas fare with the announcement of interim results to the end of December. Forecasts are for £15m pre-tax against £9.5m last time round.

These figures may, however, not reflect the full gains to come from the company's new products. The seasonal trade was dominated by the massive selling-off of Sinclair and Acorn stock at bargain basement prices by Dixons and others.

Mr Alan Sugar, Amstrad's chief executive, put it succintly recently: "By March all these cheap 'flog-off' lines will be gone. They can't be made anymore at those prices and I will be glad to see this garbage and junk out of the market."

Further Amstrad has been held back by the shortage of word processors in the shops—full production of 40,000 units a month has only just been reached.

Details of other new product launches could come with the figures. Amstrad's traditional audio equipment activities should be given a fresher look by the launch of a £299 music system which includes a compact disc player. On the computer side a low cost IBM-compatible is reputed to be in the pipeline.

SECURICOR'S first-half profits increase of 11 per cent was not regarded by the market as particularly exciting but the group is expected to pull something more impressive out of the bag when it reports on its year to September on Wednesday.

Some of the group's traditional activities, such as static guarding and cash in transit, are looking a little long in the tooth these days, but an apparent increase in the criminal tendency to commit robbery for relatively small amounts suggests that the UK activities will have done no worse than stand still and expansion into overseas markets should have brought an overall improvement.

Stronger growth, however, is expected to have come from the company's other areas of expansion such as automated security and parcels and freight. Automated security is competitive but fast-growing, and parcels and freight should have benefited from the opening of new depots and reception points.

The biggest imponderable, however, is Securicor's involvement in Cellnet. The Cellnet link is laying the foundations for Securicor's future growth but in the short term has brought start-up costs. Profits of about £15m are expected against £12.8m last time, but this is dependent on how far the costs have continued into the second half and whether they come above or below the line.

The City seems to be struggling a bit with its sums over **VANTONA VIYELLA's** preliminary results, due on Friday, and estimates stretch from £47m to £51m. The company will be using merger accounting to record its linkup last June with Nottingham Manufacturing, which will involve changing the latter's year end to November to accord with Vantona's. Such a change will not flatter Nottingham's results, as December 1984 was a very bad month due to M & S's misjudgement of fashions in ladies' knitwear.

Most of the advance from an estimated £43.5m made by the combined group last year will come from Vantona, with Nottingham's results flat or only slightly ahead.

Nearly all of Vantona's operations should be well up with the two best performers, household textiles, up by at least 15 per cent, and garments up by 20 per cent, as it reaps the benefits of heavy expenditure on new plant.

Erratic seasonal and demand fluctuations have made forecasting **BIRMID QUALCAST's** results rather a tough task for the analysts. On Thursday when the preliminary figures for the year to October are announced the market is expecting a flat result—£11.3m pre-tax, the same as last year—but there could be some surprises.

Foundries may just have done enough in the second half to break-even on the year. The recently announced decision to close the Nuneaton foundry will impact on this year's figures although its trading losses will be part of the 1984-1985 picture.

The wet summer provided plenty of growth to support strong lawnmower sales in the second half although other garden furniture would not have been much in demand. Kitchen and bathroom furniture sales are thought to have gone ahead strongly.

Potterton, the heating boilers subsidiary, has been hurt by high stocks and a discounting war in the central heating market.

Engineering has been recovering post miners' strike and the Zimbabwe irrigation business should have shown some growth

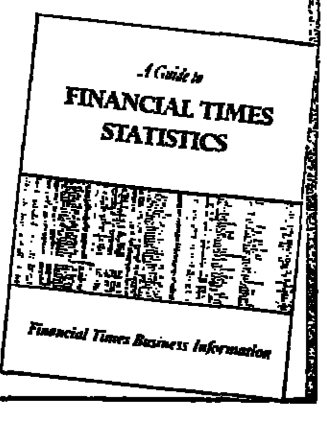
Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Birmid Qualcast	Thursday	0.68	2.59	0.75
Burmatex	Tuesday	2.0	3.0	2.0
Dew, George	Monday	2.3	3.4	2.3
D.J. Security Alarms	Tuesday	1.0	0.3	0.65
European Assets Trust	Monday	0.04	0.06	0.04
General Consolidated Inv. Trust	Wednesday	2.7	6.5	3.5
Glasgow Stockholders Trust	Friday	0.75	1.3	0.85
Lowe, Robert H.	Thursday	—	—	—
Manchester Ship Canal	Monday	—	5.5	—
Ransomes Sims and Jefferies	Monday	6.0	14.0	1.5
Reuters	Wednesday	1.0	1.5	1.25
Scottish American Investment Co.	Wednesday	1.7	3.9	1.95
Securicor Group	Wednesday	0.49	1.1	0.539
Security Services	Wednesday	1.8	1.98	1.1
Tribune Investment Trust	Thursday	0.55	1.7	0.6
Trust of Property Shares	Thursday	—	0.4	—
Vantage Securities	Tuesday	0.35	1.05	0.4
Vantona Viyella	Friday	4.0	8.0	4.0
Yeoman Investment Trust	Thursday	3.0	5.6	3.5
INTERIM DIVIDENDS				
Abingworth	Thursday	—	1.25	
Access Satellite International	Monday	1.0	2.0	
Amstrad Consumer Electronics	Tuesday	0.324	0.618	
Ariel Industries	Friday	—	—	
Bailey, C. H.	Monday	—	—	
Dale Electric	Thursday	1.5	3.0	
Elbief	Thursday	0.484	1.238	
Ewart New Northern	Friday	2.0	4.0	
Memcom International	Thursday	—	3.5	
Mid Wynd International Inv. Trust	Thursday	0.9	1.25	
Our Price	Tuesday	1.5	3.5	
Press Tools	Monday	0.9	1.75	
Second Alliance Trust	Friday	5.0	11.25	
Stonehill Holdings	Tuesday	3.0	3.0	
Trent Holdings	Thursday	0.42	0.63	
United Packaging	Tuesday	1.6	2.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.61	5.19	3.77	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.31	5.32	quarterly	1	2,500 minimum	0
3-month term	8.75	9.04	7.10	5.17	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.15	9.36	7.35	5.35	half yearly	1	2,500 minimum	0
Schroder Wagg	8.97	9.35	7.35	5.34	monthly	1	2,500 minimum	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	11.42	9.14	7.84	6.55	half yearly	4	—	0
10% Treasury 1990	11.56	8.39	6.67	4.96	half yearly	4	—	0
10.25% Exchequer 1995	11.20	8.14	6.48	4.83	half yearly	4	—	0
3% Treasury 1987	9.64	8.82	8.28	7.77	half yearly	4	—	0
3% Treasury 1989	9.05	8.12	7.56	7.00	half yearly	4	—	0
Index-linked 1988¶	9.26	8.57	8.19	7.82	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



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Dow gives Reagan a birthday present

Wall Street

IT HAS been a good week for President Reagan and Wall Street. The President, basking in the knowledge that his personal popularity remains remarkably high, delivered an upbeat State of the Union message, and announced plans to cut the US budget deficit by close to a third in the coming year.

The President painted a picture of a country which was "firm of heart, united in spirit, powerful in pride and *patriotism*" and ready to "reach for the stars."

As far as the President was concerned, the American dream was alive and well. And while many on Wall Street were sceptical about the President's budget plans, US share prices moved ahead strongly and celebrated his 75th birthday on Thursday by hitting record highs.

Although there has been much talk of a need for a *correction* of as much as 10 per cent after the sharp run-up in share prices over the previous three months, the Dow *Jones Industrial* Average scarcely faltered as it approached the 1600 hurdle and by Thursday night it was standing at 1600.69.

Not all of the broader-based indicators hit new peaks but the Nasdaq Composite Index, which tracks the smaller capitalised stocks in the over-the-counter market, did reach a new *high* of 340.76.

Wall Street's strength in recent months has caught many observers by surprise. Brokerage firms which had been reluctant to predict that the Dow would break above 1300 in 1985 are now confidently predicting that it will top 1700 this year, and there are even a few optimists who are talking of a Dow *in the 2000* range.

The stock market is clearly betting on a strong recovery in corporate profits in the present year and appears to be increasingly confident that the US economy is beginning to accelerate after several quarters of slow growth. Yesterday's surprisingly strong January employment figures, for example, were the latest indicator that the economy is moving ahead faster than expected.

This was not good news for the bond market, which *continues to be buoyed by hopes of further falls in interest rates.* Ahead of the news, the US Government had auctioned a new 30-year Treasury bond at a yield of 9.28 per cent, which was some 65 basis points below the previous auction last November.

A second major uncertainty overhanging the bond market which could impinge on the *short-term confidence of the* stock market, is the fate of the Gramm-Rudman deficit reduction law, which is being challenged in the courts as unconstitutional. President Reagan describes the law as "an historic opportunity to achieve what has eluded our national leadership for decades—forcing the Federal Government to live *within its means.*"

While all of this sounds very reassuring, Wall Street analysts were not particularly happy about the President's plans to reduce the 1987 fiscal deficit by some *$59bn. The budget* depends on suspiciously low spending estimates for major items like defence and farm subsidies, and relatively optimistic forecasts about growth and inflation. "Federal budgets *usually strain* credibility. This one strains common sense," was the verdict of the New York Times.

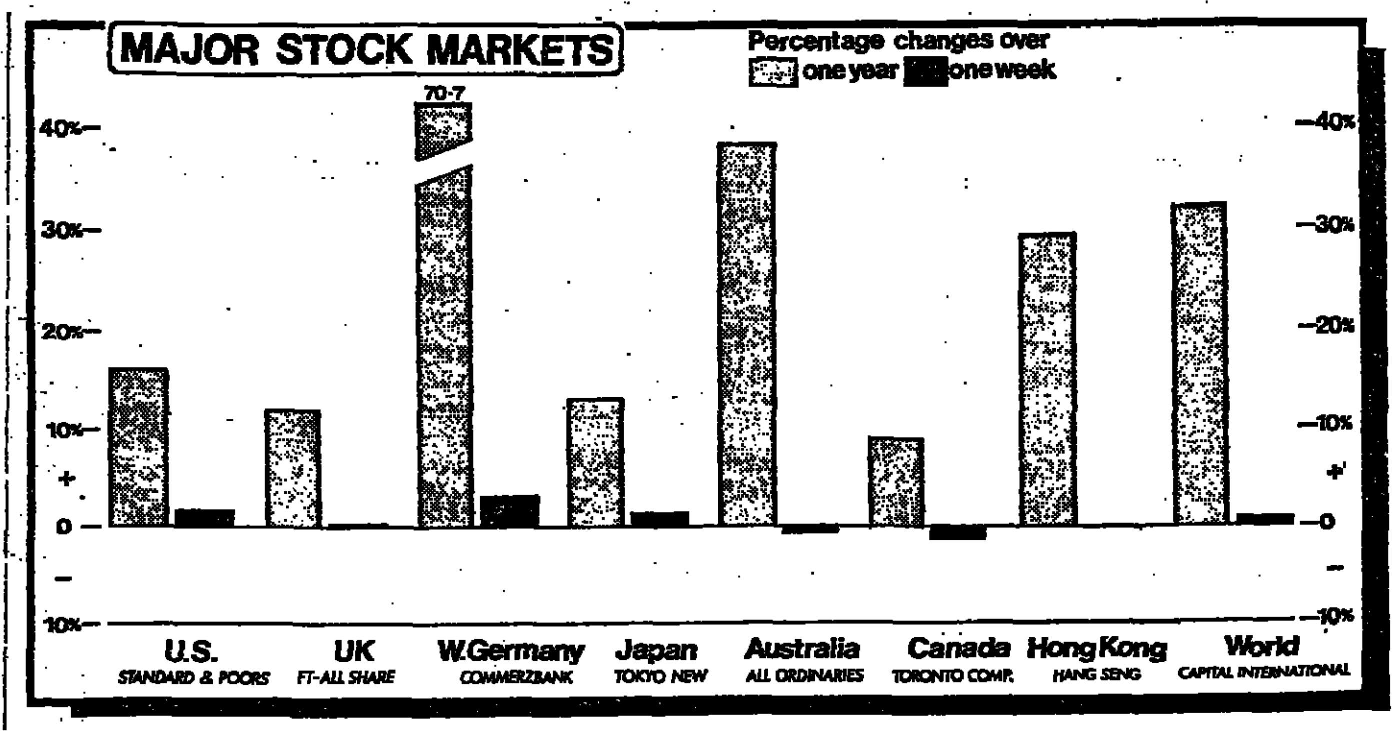
The combination of the growing strength of the economy and uncertainties over the budget cuts is undermining the prospect of lower US interest rates. In particular, the dollar appears to be moving into a weaker phase so there is less pressure on the authorities to reduce interest rates and hasten its decline, especially if this *accelerates* the inflation *rate.*

However, the recent sharp drop in oil prices has added a completely different dimension to the outlook for the US stock market. It has been estimated that every $5 a *barrel* fall in the oil price translates into an 0.6 percentage point gain in economic output and a one percentage point fall in consumer prices.

The scale of the recent drop in oil prices has not yet been fully digested by Wall Street. It has done wonders for transport stocks but has led to worries about the health of some of the US banks, particularly the Texas banks and the big money centre banks which have lent heavily to oil producers like Mexico.

MONDAY	1,594.27	+23.28
TUESDAY	1,593.23	− 1.04
WEDNESDAY	1,593.12	− 0.11
THURSDAY	1,600.69	+ 7.57

William Hall



Dutch arm to meet the Big Bang

Amsterdam

AMSTERDAM is arming itself *for the onslaught of London's* Big Bang. The Dutch capital markets have been dramatically liberalised while the Stock Exchange has slashed commissions and apparently plans to accept its first Japanese members. The bankers along Amsterdam's Herengracht are determined to wage a fierce battle for international business as competition *heightens from London's sweeping* deregulation.

The internationalisation drive provided a nice backdrop for the New Year's rally that took share prices and trading volume to record highs in line with New York and the promising outlook for the Dutch market. The stock market has slipped back somewhat on worries about *plunging Dutch gas* revenue, which provides about 10 per cent of all state income. Jitters about the weaker dollar also have taken a toll, as many Dutch companies derive significant turnover in the US currency.

Bankers, however, remain rather optimistic about the market's prospects. The Dutch economy is trotting along at an even, if slightly dull, pace, growing 2½-3 per cent this year, while interest rates could edge lower if US rates lead the way. Corporate *profits expected to* continue to grow 10-12 per cent this year and consumer spending is seen as quickening. In the political arena, the May 21 general election is expected to harbour no nasty surprises, regardless of who wins.

The Amsterdam Stock Exchange, *claimed to be the* oldest in the world, already is among the most international of Continental European stock markets, and the campaign to attract fresh business from abroad is aimed at competing head-on with London. More foreign shares than Dutch ones are listed on the bourse, including 64 American companies *traded* through depositary receipts. The Dutch bond market is considered the most liquid in Continental Europe.

Trading commissions have been cut twice in the past year and now are nearly equal to London's unofficially negotiated commissions, and dealing hours also were lengthened last year. The bourse is expected to an*nounce* on Monday that three major Japanese securities firms —Nomura, Daiwa and Yamaichi —are being accepted as members. The move could open the way for Amsterdam to introduce the first foreign trading in Japanese companies priced in yen, allowing trading after the close of the Tokyo Stock Exchange.

Whether this flurry of activity has fed the market's rally at the end of 1985 and the beginning of this year is not quite clear. But the ANP-CBS General Stock Index, which is compiled by the ANP national news agency and the Central Bureau of Statistics, *spurted to a record 267 during* the first week in January. That continued a December rally that capped a relatively modest year of consolidation. Amsterdam did, *however*, outperform the world's major stock exchanges —New York, Tokyo and London —last year, while Frankfurt and Zurich also were beaten.

The General Stock Index has slipped about 4 per cent since early January and the market now is digesting the implications for the national budget of the big drop in gas revenue. *Rudd Lubbers, the Dutch Prime* Minister, has assured everyone that falling gas prices—which are linked to oil—pose no threat for this year's budget. On the contrary, the budget deficit is now expected to shrink even more than previously forecast, to 7 per cent of net national income—perhaps not surprising in an election year.

Next year, however, Mr Lubbers warns that an extra Fl 5bn—or 2.7 per cent of total state income—must be found *to keep the fiscal gap from* widening.

Plummeting oil prices and the weaker dollar have hit Royal Dutch/Shell, which has *sunk 8 per cent in the past* month to around Fl 165 a share. Pierson, Heldring Pierson, a leading Dutch merchant bank, recently slashed its 1986 earnings estimate for the Anglo-Dutch oil giant to Fl 25 a share from Fl 35. Unilever, the other Anglo-Dutch group, has slipped 6 per cent in the past month to about Fl 379 a share. Pierson also has trimmed its 1986 earnings estimate for Unilever to Fl 41.50 a share from Fl 43.

Other international stocks, however, are holding up better. KLM Royal Dutch Airlines, which is expected to benefit from cheaper fuel prices, has gained modestly and this week reported respectably higher profits for the third quarter.

Philips seems to be especially popular on its promise of a rebound this year following an expected earnings decline in 1985. Mr C. J. van der Klugt, who takes over the Philips' reins in April, has forecast that the loss-making audio-video division finally will move into the black *this year.*

Nederlandsche Middenstandsbank recommends issues that will benefit from cheaper raw materials due to the softer dollar. KNP Royal Dutch Paper Mills and Buehrmann-Tetterode, of the paper industry, and Hoogovens in steel are among these.

The eroding dollar also raises the question of whether foreign investors will start pulling out of Amsterdam to cash in on currency gains. A mass exit does not seem to have materialised yet; and bankers suggest that if foreigners do withdraw, then domestic Dutch investors might do some bargain hunting.

Laura Raun

Tin: only the fittest are likely to survive

Mining

AS THE old saying goes, "there's a lot of it about." In this case, tin. In fact, there is so much of a surplus that the International Tin Agreement, formed to regulate the metal's price, collapsed last October.

Since then, meetings galore have been held in order to find a way of salvaging the wreck and, more particularly, to persuade the various governments involved to honour their obligations to the tin scheme, thus rescuing the London Metal Exchange dealers who have been saddled with huge debts.

Just where it will all end is anybody's guess at this stage, but the likelihood has be faced that the tin market will become *a free-for-all, just like that of* other metals, in which only the fittest will survive. For the mining industry, the fittest companies are those that can produce tin at relatively low cost. As in copper, many operations will close.

I say this because the real price for tin in an unfettered market these days has to be below the level of £8,140 a tonne ruling before the International Tin Agreement came to grief. Gone are the restrictions on mine output and the cash available for the ITA to buy metal in the market and thus support prices.

Gingerly, the Malaysians tested the water this week by resuming tin dealings in Kuala Lumpur and, admittedly in very thin trading, a price equivalent to about £5,500 emerged. Who, then, would be the losers and winners if such a price level obtained when full trading is eventually resumed?

The losers would certainly include the small Chinese operations in Malaysia, while some of the Bolivian mines might find it hard going to survive at such prices. So would our mines in Cornwall unless they were given some form of aid; although one or two, such as the Rio Tinto-Zinc group's relatively young Wheal Jane, might be kept going in the hope of an eventual improvement in prices and also because of the need for feedstock for RTZ's Capper Pass smelter on Humberside.

Of the winners, the Brazilian mines stand out because their production costs are the lowest in the world: they are to tin what the profitable Chilean mines are to copper. Indonesia's tin mines should also survive especially if, as seems likely, they step up production.

The bigger tin operations in Malaysia which *employ* several dredges may also be able to ride out the storm—and perhaps increase present earnings —if only by the cost-saving ploy of closing the less profitable dredges and boosting production at the more efficient units.

Underground, or lode, mines do not have this kind of flexibility and the need to *keep* a mine in good shape means that part of its costs remain constant. For them, the answer must be to take advantage of the ending of tin output restrictions and increase production as much as possible, with a consequent saving in overall unit costs.

On this basis the **Consolidated Gold Fields** group's big **Renison** mine in Tasmania could probably make profits with tin at only £5,000. The Canadian **Rio Algom's** new East Kemptville open-pit mine in Nova Scotia, which is now just about ready to start production, could also be a profit-earner at such prices.

Mention of Australia brings *us to Queensland, the "new"* exciting gold area about which we were talking just before Christmas. **Kidston Gold Mines** has just reported a profit for its first 10 months at A$50.76m (£25.1m) and has already declared two interim dividends of 15 cents and 10 cents, respectively.

Kidston is owned by **Placer Development** (70 per cent) and **Elders Resources** (15 per cent): shares of the last-named are now around 57p compared with 45p when recommended here five weeks ago.

News also comes that the US **Battle Mountain Gold** is now considering taking to production its higher-grade Pajingo gold discovery in Queensland on *the basis of an annual output of* between 70,000 and 80,000 oz. Because of Australian foreign investment requirements, Battle Mountain will have to find an Australian partner for this project and, perhaps, offer shares down under.

Yet another Queensland gold project moving up to the starting line is the Mount Leyshon *discovery of* **Noranda Pacific** and **Pan Australian Mining**. A firm decision is expected soon from the partners, who are thinking in terms of an initial 34,000 oz of gold a year.

Kenneth Marston

Gilts

Jittery, but no need for concern

INVESTORS in Government gilt-edged securities may get a shock when they look at the prices of their investment next week. The gilts market has been a jittery enough place for the last few weeks, with prices moving up and down as oil prices and the pound slide. There will be from Monday an additional apparent drop in the quoted prices of some gilts; it need cause the investors no concern.

Next week, prices of gilts whose maturity dates are more than five years off will start to be quoted *"clean," excluding* the element of income accrued since the stock's last interest payment date. You will still have to pay for this accrued income, but you will have to add it to the quoted price, which will reflect only the capital value of the stock.

You can see the difference in prices already between two similar stocks with different dividend dates. Treasury 10½ per cent 1992, for example, pays its dividend in May. Its price *of £98¾ last week* therefore included three months of accrued income. The very similar stock Treasury 10 per cent 1992, however, pays its dividend in February and is currently being sold "ex-dividend." Its *price of £93½ included* no accrued income.

From Monday, the two prices will come closer together: but you will have to pay extra for the first stock on top of the quoted price for the three months of income you are buying with it.

Short dated gilts—maturing in less than five years—are already quoted with clean prices in this way. "Clean" prices are now being extended to medium and long gilts because of the Government's decision last year to clamp down on the practice of bond-washing.

Bond-washing involves buying and selling gilts actively so as to convert dividends—taxed as income at up to 60 per cent—into capital gains, taxed at only 30 per cent. The Inland Revenue estimates that the practice was costing it about £300m a year in lost tax before the Chancellor of the Exchequer announced measures to block it last year.

The new rules, which come into effect on February 28, are designed to make sure that you *pay income tax on the accrued* interest contained in the price if you buy a gilt that is due to receive a dividend. Stock brokers' contract notes will therefore show the capital value separately from the accrued income element, so that you can easily see which part you must pay income tax on.

If you buy and sell gilts within one of the Stock Exchange's fortnightly account periods, you will still deal at "dirty" prices, including both *capital and accrued income. In these cases* the stockbroker's contract note will tell you separately the amount of accrued interest on which you may be liable to income tax.

George Graham

Mortgages

Following Lloyds

THIS WEEK'S move by Lloyds Bank to abolish the premium which it had been charging on its endowment mortgages is likely to force the other major clearers to follow suit.

Barclays and the TSB, are under particular pressure since they charge twice the premium of the other British banks—one percentage point against half a point.

It should also put pressure on the building societies to fall into line. All save one or two of the smaller societies, whose interest rates are in any case higher, charge a premium on endowment mortgages, usually half a percentage point.

However, developments in the savings market could push overall mortgage rates higher with the move by one of the major societies to increase the return on its instant access account.

Banks and building societies earn hefty commissions on endowment mortgages which they tend to push hard. But increased competition for mortgage lend*ing is now forcing them to at* least start trimming back the higher interest rates which they have also been charging.

Last year the major British banks were forced to halve the endowment premiums to half a percentage point. This was partly a result of competition from building societies but mainly from foreign banks, most of which charge the same rate of interest on repayment and endowment mortgages.

In future Lloyds Bank borrowers will pay the same interest rate of 13 per cent as they do now on repayment mortgages. This reduces the cost of a £30,000 endowment *mortgage over 25 years by £8.75* bringing the monthly repayment down to £227.50 after basic rate tax relief.

That compares with £240.85 monthly on a repayment mortgage. But since there would be an additional monthly insurance premium on the endowment mortgage of between £39 and £40 a repayment mortgage, even with mortgage protection cover, would still be about £20 a month cheaper.

Even though Lloyds now *offers the cheapest endowment* mortgage of all the major clearers, you can still borrow cheaply elsewhere. If you are borrowing £30,000 or more, United Bank of Kuwait is the cheapest, charging 12.50 per cent. Chemical Bank charges 12.75 per cent on endowment mortgages of £25,000 and over. First National Bank of Boston charges 12.875 per cent on mortgages of over £30,000 and 12.75 per cent on loans of £50,000 and over; and Citibank charges 12.95 per cent on mortgages of £15,000 and over, 12.75 per cent on loans of £50,000 and over.

Best deal from the building societies is Cheltenham & Gloucester which charges 12.90 per cent for endowment mortgages of £30,000 and over.

Meanwhile the Anglia Building Society has stolen a march on its main competitors by increasing the returns on larger deposits in *its instant* access account. This is the first response by a major society to last month's rise in bank base rates and the higher general trend in short term interest rates. It is likely to set off another round of interest rate leap-frogging, bringing better returns for investors but the threat of a higher mortgage rate for borrowers.

Anglia's Instant Gold will now pay 9.50 per cent on balances of between £5,000 and *£10,000, and 9.75 per cent* on balances above £10,000. For the basic rate taxpayer this is the equivalent of a gross return of 12.57 per cent and 13.93 per cent respectively.

The account will continue to pay 9.00 per cent net CAR on balances of between £250 and £5,000. The Anglia now offers the highest return on balances of £10,000 or more; it matches that of the Cheltenham & Gloucester Gold Account and National & Provincial's Money Management account on balances of between £5,000 and £10,000.

In lifting its rates the Anglia has outflanked the Midshires Building Society which this week launched its first tiered *instant* access account. This pays 9.00 per cent on balances of between £100 and £500, 9.25 per cent on balances of up to £5,000, and 9.50 per cent thereafter.

But this society has also intro*duced* a new 30 days *notice* account which, in paying a better return than those offered by the major societies on their 90 days notice accounts, will contribute to the push to higher rates.

Midshires' Premium 30 pays 10.00 per cent net CAR and gives instant access on balances of over £10,000. The account pays 9.75 per cent net on balances of between £1,000 and £10,000 with 30 days notice for withdrawals. Premium 30 also beats the return of 9.85 per cent *net paid* on balances of over £10,000 in the Portman Building Society's new Premium Plus Shares.

Margaret Hughes

Big deals in BES

TWO BLOCKBUSTING Business Expansion Schemes were announced this week by Guinness Mahon, as sponsors. Two new companies, Lockton Retail Stores, specialising in leather furniture, and Lockton Inns, a chain of public houses, are seeking £7.5m each. They are claimed to be the largest BES issues this tax year and are a follow up to the £10m Lockton Developments scheme last year.

Lockton Inns is offering 7.5m 25p shares at £1 each but reserves the right to increase the number to 15m depending on hte level of subscriptions. The policy of the company will be to acquire a chain of public houses, preferably free houses *not tied to a brewer, concen*trated in the more prosperous population centres close to the M25, M3, M4 and M5 motorways. Particular attention will be paid to acquiring premises likely to benefit from any changes in the law allowing extended opening hours or retail trading on Sundays.

Lockton Retail Stores will also have a big underlying property base *operating* franchise agreements through owned retail outlets. It has negotiated an agreement with the Leatherland organisation, a big furniture retailer with outlets already established throughout Europe and the US.

As with Lockton Inns, the directors of Lockton Retail Stores intend to invest at the same rate as subscribers to the issue. There are no shares with special rights or privilages. But in both cases Guinness Mahon will have an option to subscribe any time prior to March 1992 at a price of £1.60 a share for up to 5 per cent of the company's issued share capital.

Guinness Mahon will also re*ceive commission* equal to 4 per cent on the amounts subscribed in each company, plus an annual fee equal to 1.75 per cent of the net assets for further services to be provided. Lockton Retail Stores also reserves the right to consider offering up to 7.5 million more shares, depending on the level of demand.

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A FAR MORE modest amount is being sought by a BES fund formed to invest primarily in leisure and communication companies. Audley Fund Management is sponsored by Audley Securities and PKFinans International (UK), the London subsidiary of a leading Swedish clearing bank.

The fund is open-ended, but the sponsors say they would not wish to handle more than a maximum of £1m at this stage. There is a very low minimum investment of £500.

●

EQUALLY MODEST is an out of the ordinary BES company called Acorn Hardwoods, which is seeking to raise a further £80,000 by offering 74,499 shares of £1 each at £1.07 each. The company was established in January 1985 to exploit a gap in the UK timber market between the price paid for round logs and for seasoned board. It has a management contract with Beacon Forestry for the *use of sawmilling facilities.* Details obtainable from Acorn Hardwoods, 2 High Street, Saxmundham, Suffolk.

●

ON MORE conventional lines is City Shops, which is seeking *to raise £3m to launch a chain* of High Street shops in London and the South under various franchise arrangements. The first seven shops will operate the H-Plan bedroom furniture franchise. The issue, which is due to close on April 3, is sponsored by the Baltic Asset Management group.

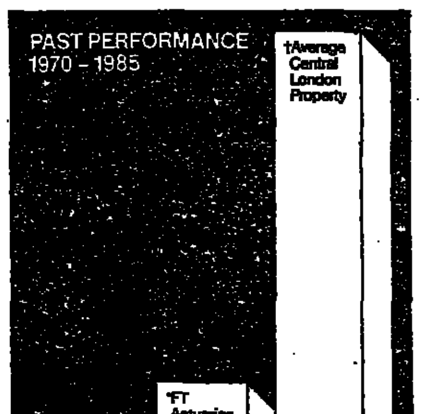
John Edwards

Umbrellas offshore

BRITISH investors worried by *the falling value of sterling* and the decline in oil prices should put their faith in international bonds which are providing the highest real yields for more than 30 years. That was the message put out this week by the Guinness Mahon group in promoting three new offshore sub-funds for non-equity investment, adding to its Global Strategy "umbrella" fund, based in the Channel Islands.

Guinness Mahon believes that sterling is over-ruled and remains in a long-term downward trend that started after the first World War. It also thinks that inflation worldwide will continue to decline, possibly sinking below zero levels in Japan and West Germany this year, putting downward pressure on interest rates.

The sub-funds just launched are Global, European and Yen Fixed Interest increasing the total under the "umbrella" fund to 19 separate choices for the investor. They are all applying for distributor status.



*Excluding reinvested income
†Source: John D. Wood & Co.

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Victorian values

When Consols ruled the world

MR TIMOTHY FORSYTE put all his savings in 3 per cent Government Consols—an investment decision despised by his brothers, who wanted a much better return for their money.

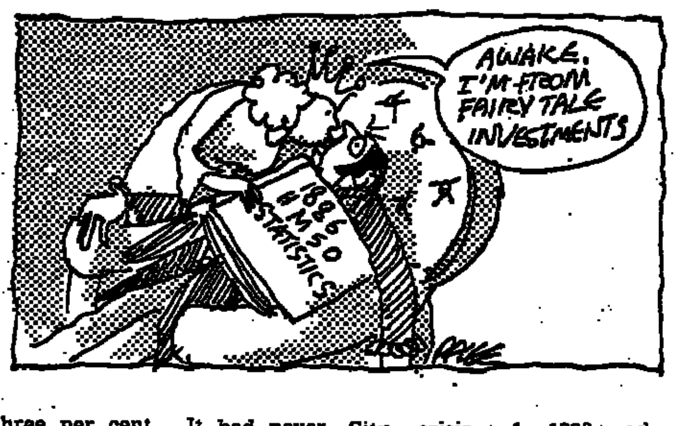
Galsworthy's character was, however, the kind of small saver Victorian politicians liked best, judging from the Statistical Abstract for the United Kingdom published in 1886 (the year in which the Forsyte Saga opens).

This week, the Central Statistical Office reissued the 1886 abstract in facsimile, to mark the bicentenary of Her Majesty's *Stationery Office*. Revealingly, it makes a point of quoting the average monthly prices over 15 years of Consolidated stocks—which shows just how important these gilt-edged securities were to the *Treasury in funding the* National Debt (then standing at £742,282,411).

Consols, of course, still exist (albeit reduced to 2½ per cent) and priced at an ignominious £24.75—a far cry from their *1885 average of £99 6s 8d*). And, taken as a whole, the statistics in the 1886 volume depict a financial world quite as complex and as volatile as our own.

1884, it seems, was a good year to be a Lloyd's underwriter—the number of British merchant ships totally lost was only 615, compared with 791 the previous year and 973 in 1881. But for everybody else the risks of insolvency were rising. In 1882, 995 debtors were adjudicated bankrupt in England and Wales, but in 1885 the figure shot up to 3,965, each with an average liability of £1,891 (or about £60,500 at today's prices).

Farmers probably featured *prominently among the bankrupts*. The price of British wheat plunged from 45s 1d in 1882 to 32s 10d in 1885 (way below the May 1877 peak of 65s 10d). But more generally times were uncertain—or so it *seems from the bank rate* (officially entitled "the average minimum rate per cent of discount charged by the Bank of England" in the 1886 abstract).



In 1885, bank rate averaged three per cent. It had never fallen below - per cent or risen above 6½ in the previous 15 years. But *for three months* in the winter of 1884-85 the rate reached 5 per cent—and at the time 6 per cent was regarded as a sign of panic in the money markets. It was the figure rea[illegible]ring *the great* City crisis of 1890, when Baring Brothers, the merchant bank, had to be rescued from *collapse after lending unwisely* to Argentina.

The Bank of England had less control over *financial* institutions than it has today. The bank had issued only 60 per cent *of the bank notes* (totalling more than £40m) in circulation in December 1885. The rest were issued by the so-called "country banks," which were either private banks or owned by joint stock companies (the joint stock banks were already starting to swallow up the private banks on their way to becoming today's Big Four clearing banks). But postal orders occupied the role cheques now perform. More than 24m were issued in 1885, with a total value of £10,096,770 (the 1986 Abstract of Statistics ignores them completely).

Building societies were on the move; their numbers grew from 489 in 1876 to 1,919, with total liabilities (shares and deposits) of £51,600,988, in 1884. *But they still faced stiff* competition from the Post Office Savings Bank, which received *deposits* in 1884 of £15,535,528, paid out £12,530,563 and managed total assets of *nearly £45m.* The trustee savings banks (forerunners of today's TSB group) topped that with £46m, but suffered a net withdrawal of funds in 1884-85.

The birth of unit trusts was still 50 years away—and investment trusts, which originated in 1868, failed to make it into the Government figures. But industrial and provident societies (including co-operative *agencies*), *which provided* unemployment insurance and pensions were growing in step with the industrial working class. There were 1,167 in 1876 but 1,320 eight years later.

Stock Exchange statistics are *another absentee from the 1886* volume—perhaps reflecting the fact that public issues were not then a major source of finance for industry.

But two pieces of hot news from the period suggest that equities were about to come into their own.

In September 1886, The Economist reported that "goldfields of considerable capacity" had been found in South Africa —and less than two years later a newspaper appeared pledging "to omit nothing that could be of interest to the businessman." *It was called the Financial* Times.

Nick Bunker

New Issues

Ambition floats

THE MOST ambitious flotation ever undertaken, the biggest private company ever to go public, and the largest foreign company to seek a primary listing on the London Stock Exchange are among the highlights of the 1986 new issue calendar.

Indeed, this year promises to be a record one all round for new issues. Starting with Wellcome, the £1bn drug company which last week raised £300m, the rest of the year should produce a succession of weighty calls. Next week Templeton, Galbraith & Hansberger, a US *fund management group,* will ask investors for nearly £75m; it will enable 73-year-old investment guru, John Templeton, to become a millionaire at least 40 times over.

In April British Telecom returns with the *final* £1.2bn call on the shares sold in 1984. In the early summer Royal Ordinance will be jostling for space with British Airways, which should be ready for take-off before fund managers go on holiday. In the autumn there should come British Gas (and perhaps TSB) which may be rushed through before "big bang" turns everything upside down in October.

Wedged in wherever the Bank of England's issue queue will allow are a wealth of little private companies. Merchant banks and stockbrokers report an immodest number of private companies—*many* valued at between £10m and £20m—lining up to come to the market.

Among those that have announced their intentions are MTM, a *spin-off* from ICI; PE Consulting Group, the market's first management consultancy; and McColl, a design group.

The most exciting in the pile of maybe's is Virgin Records, whose flotation has been mooted (although not confirmed) for the second half of the year.

Whatever the private sector comes up with, it will be dwarfed by the Government's £4.75bn privatisation programme. By far the largest item is British Gas. This could be valued as high as £8bn-£10bn, but like British Telecom, it will probably be sold off in one chuck, with payments due in several instalments. The flota*tion will be the largest ever* undertaken in any market; it compares to just £3.9bn for British Telecom.

Next in importance comes British Airways, which is expected to raise about £800m —£1bn this summer. The flotation has already been postponed, and could be *further* delayed by litigation over the collapse of Laker Airways.

Small by comparison is Royal Ordinance, due to raise about £200m in May or June. Royal Ordinance is a defence company making bullets, small arms and explosives (the maps are made by Ordinance Survey)—a different matter altogether. Royal Ordinance has a history going back to 1560, when the Royal Powder Mill was founded in Essex.

The government has high hopes that this year's offerings will appeal to private investors. It is expecting them to put up about half of the total £4.75bn privatisation proceeds. This may not be as optimistic as it sounds.

However, a real repeat performance of the BT float is very unlikely. The Government has come under fire from all sides for underpricing the issue—most recently from an all party committee of MPs; no doubt it is anxious to avoid giving further support to the claim that it is selling off the family silver at knock-down prices.

However, the biggest excitement of this year, and the biggest uncertainty, is the flotation of the Trustee Savings Bank, which belongs in neither public nor private sector. Originally planned for February, the flotation has been postponed; it is now doubtful whether it will take place at all. The issue had been planned on the irregular assumption that the TSB belongs to no one, creating the extraordinary position *whereby the money raised* in the flotation—about £1bn— will go back into the TSB itself, altering the valuation of the company.

The flotation bandwagon, which started moving before *Christmas, was halted by a ruling* in the Scottish courts that the bank belongs to its depositors. An appeal by the Treasury will be heard next week; a similar case will also be heard shortly in the English courts.

Lucy Kellaway

A retiring portfolio

MANY READERS have asked us to clarify the statement by Noble Lowndes in last week's article on "A retiring portfolio" that the total capital of £55,970 would give a total net income of £10,000 a year. It was not generally appreciated that the income included the occupational and DHSS pensions payable.

The following table explains how the figures are calculated:

CAPITAL			INCOME
£			£
—	Occupational Pension		4,500
—	DHSS Pensions		3,421
700	National Westminster Capital		20
1,000	Save and Prosper UK Equity		40
2,000	Building Society @ 9% net = gross		257
10,000	"Income Plan"—taxable income		539
	Gross taxable income		8,777
	Age allowance	£4,255	
	Tax @ 30% on	4,522 =	1,357
			7,420
	"Income Plan"—tax-free income...	£1,019	
	Less endowment premium	451	
			568
7,000	Endowment "re-investment bond"		560
10,000	19th issue @ 8.52%		852
7,020	3rd index-linked issue @ 8.54%		600
18,250	Other National Savings		—
£55,970			£10,000

Art market

The boom levels off

OPPORTUNITIES for investment in art reached the mass *market this week when* Sotheby's held its first auction aimed directly at home furnishing. The offerings included furniture, pictures and ceramics priced mainly between £100 to £1,000 and all the items were in *good condition, the idea being* that they should go into the house for immediate use.

Sotheby's promoted the sale, which will be repeated on the first Monday of each month, on the theme that if you bought similar goods from a big store they would start to depreciate right away whereas, being antiques, these could well appreciate.

There were undoubted bargains on offer. But the dangers of buying works of art purely for investment were highlighted last week — by Sotheby's. It published its latest Art Market Bulletin *which, through its* Art Index, follows price trends in the main collecting markets. At the end of December the index stood at 443 (against 100 in September 1975); it was 454 in December 1984.

The bulletin examines the first four months of the saleroom season (which begins in September) and feels confident enough to take the temperature of the art market in 1985-86. It is proving erratic and unpredictable and that many of the old shibboleths are unreliable.

It has always been said that top quality works of art — pictures, silver or, furniture— would always command top prices while the middle-quality material was difficult to sell *outside a boom (and the boom* in the art market has certainly levelled off, although at a high level).

This season, however, some works of high reputation and price have failed to find buyers —*notably* in auctions of contemporary pictures in New York; French furniture (with the exception of Sir Charles Clore's at Christie's, Monaco, which did very well) Continental ceramics and musical instruments (a sector not included in the index). The main reason for the failure in these markets is the greedy expectations of vendors. They were slow to adjust to a more discerning demand and by insisting on high reserves on their goods, failed to make a sale.

On the other hand, middle range works — notably in contemporary pictures, Impressionists and furniture — did better than expected. And by Christmas, after the major sales in December, even the more expensive items were selling better, with vendors learning to lower their expectations. So the conclusion is that rare masterpieces will still command extraordinary prices but high quality goods will not necessarily sell.

Outside the restrictions of the index, there are some interesting special *situations. There* seems to be an influx of new buyers for Old Masters and especially for Dutch and 18th century Italian pictures, particularly Venetian, with less interest in Spanish and French paintings. Impressionists, by far the most important sector of the art market, continue to do well while modern British paintings remain one of the healthiest areas, a natural consequence of the best Victorian paintings becoming too expensive for all but the very rich.

Indeed, most British works of art have flourished. English furniture is *one of the few* ingredients in the index to show little *fall* on a year ago, while English silver is actually out*performing* December 1984 (only 19th century European paintings also show an increase). In contrast, the Swiss auctions of Continental porce*lain were a disappointment*, and prices for early-priced Chinese works of art are in confusion following a flood of new material from mainland China. Later works, such as Ming, have been less affected.

London's role as an art centre depends on currency fluctuations; the weaker pound should bring over the Americans as major buyers. But the way that the exchange rates create chaos in attempting to *evaluate the art market is indi*cated by the fact that Sotheby's and Christie's actually registered a sterling decline in sales in the 1985 autumn season compared with 1984 — down from £353m to £345m — while if the *same goods had been valued in* dollars, there would have been a 17 per cent rise. At a constant exchange rate, the art market will be seen to have stayed virtually unchanged in terms of business done.

Since the market reflects the level of confidence in the world economy, this is quite appropriate. Buyers are marking time, waiting to see if the boom is over. Sellers have been slower to get the message and still expect to show a high price rise.

There will be some spectacular auctions in 1986 (mainly because most of the world's masterpieces are in museums, or cannot be traded freely, so that anything good that does appear in the saleroom attracts the attention of the relatively few rich collectors who sustain this whole business) but day in and day out, in the salerooms of New York, London and throughout the UK, supply and demand will be more evenly balanced than for some years past.

Antony Thorncroft

Offshore funds

Sterling can change the picture

THE CURIOUS tale of the Danish offshore fund managers surfaced in these pages several weeks ago. We disclosed that North Star Investment Fund Danish Bonds based in Luxembourg and managed by Provinsbanken, Denmark's fourth largest bank, achieved for investors an extraordinary 116 per cent gain in the 12 months up to December 27.

Further investigations — based on figures supplied by Lipper Analytical Services, the research arm of a Wall Street stockbroking firm, show that the world's four best performing offshore funds were North Star, a Bermuda-based commodities investment company called Raminco, a US real estate fund named Noram Secured Income, and Quantum, a global equity fund managed from New York by George Soros.

But on a cautionary note these rankings are based on results *in US dollars*. Lipper has now supplied us with the same results expressed in sterling. This changes the picture and illustrates the possible pitfalls of investing in an offshore fund in an era of unstable currencies.

Offshore investment funds are usually based in tax havens such as the Bahamas, Bermuda —or Jersey, Guernsey and the Isle of Man.

Their appeal to investors generally lies in their tax advantages. The fund itself is not liable to British corporation tax. If the fund has so-called "distributor" status agreed by the Inland Revenue, then the shareholders' gains will not carry income tax, but instead will be taxed as capital gains.

Alternatively, if the fund lacks *distributor status*, income tax will be payable, but only when *shareholders* withdraw their accumulated gains by selling their holdings. This enables them effectively to defer payment of tax until (say) retirement, when a lower tax rate will apply.

But currency fluctuations can reduce the attraction of offshore funds. As an example, Britons who had shares in the four top offshore funds quoted by Lipper but wanted to spend their *gains* in *pounds* would have found in sterling terms their performance was not vastly better than that of more familiar British-authorised unit trusts.

First, Raminco—or the Raw Materials and Minerals Investment Company. According to the Lipper Overseas Fund Table (which has been published since mid-1984 and tracks more than 700 funds), Raminco gained 175 per cent in dollar terms in 1985—or 120.58 per cent in sterling after allowing for relative movement between the currencies over the year. But the results may have been freakish.

LIPPER'S TOP TEN OFFSHORE FUNDS 1985

Fund	Gain (year-end Dec 31)
1 Raw materials and Minerals Investment Company (Raminco)	120.58%
2 North Star Investment Funds Danish Bonds Ltd	84.61%
3 Quantum Fund	77.34%
4 Noram Secured Income (real estate)	73.16%
5 Germac (equities)	72.94%
6 Investa (equities)	68.79%
7 Swissbar (equities)	66.23%
8 Itac (equities)	62.96%
9 Swissac (equities)	61.19%
10 Unifonds (equities)	61.13%

Figures quoted in sterling.
Source: Lipper Overseas Fund Table.

Raminco, which invests in commodities gained from an unusually steep rise in world coffee prices during the past few months.

North Star Investment Fund Danish Bonds (denominated in Danish kroner) performed even better than we first thought: the Lipper table shows that in the year ending December 31 it gained 132.49 per cent in dollar terms.

This is not too surprising. Danish securities markets were *generally an enticing prospect* for investors in 1985, with the share index rising to record levels and Krone bonds yielding on average more than 10 per cent at the end of the year. More important, the Krone strengthened against the dollar, greatly increasing the value of Krone bonds to dollar investors.

But again, conversion of North Star's results into sterling shows a different picture, with a gain of only 84.61 per cent—somewhat less *than the 84.9 per cent* gain in Oppenheimer European, a British authorised unit trust.

A more interesting phenomenon was the 121.09 per cent gain in Quantum Fund — but in sterling the results are less impressive, registering on the Lipper table a gain of 77.34 per cent (though this is nevertheless still a better performance than nine of the 10 best performing British-based unit trusts listed in Planned Savings magazine).

Most intriguing of all, however, is the case of *Noram* Secured Income — a North American real estate fund with net assets of about £14m, which was founded in 1970 and closed to new subscribers in 1975 (though there may be a new *issue of shares* this year). Managed by Montana Trust, a company incorporated in the Caribbean island of St Vincent, with advice from US real estate experts, the fund gained 107.19 per cent i ndollar terms in 1985 —and ranks as overall top performer over the past two years and five years.

According to Richard Finchell, a supervisory director, the fund's distinguished showing in the Lipper table partly reflects growth from a weak base *in* the late 1970s, but he remains confident that Noram will remain an outstanding performer. Converted into sterling, last year's gain was 73 per cent better, but not hugely so, than the top ten British authorised unit trusts.

Nick Bunker

Pensions

Think carefully before you act

OVER THE past weeks, we have described the options available to employees on changing jobs to maintain their accrued pension rights in their previous employer's company pension scheme. In summary they are:

- Leave the rights in the old scheme as a *deferred pension* payable when the employee reaches retirement age of that scheme.
- Take a transfer payment instead of the deferred pension and take it to the new employer's company pension scheme, if there is one, and it is prepared to receive that payment.
- Take the transfer payment and invest it in a buy-out annuity from a life company.

How does the employee concerned make his choice?

No two cases will be the same. However the principles involved can be illustrated by the following examples covering a single 40-year-old employee with 15 years service on a £20,000 a year. *His old* employer's scheme provides 1/60th of final salary for each year of service at 65. The scheme has a record of increasing pensions in payment at about half the rate of increase in the Retail Price Index.

The following examples show how the different options available work out in money terms.

Deferred pension: The initial value of the deferred pension is 15/60ths of £20,000. That is £5,000, of which £800 represents the guaranteed minimum pension.

Payment of this pension is guaranteed. The 1985 Social Security Act requires employers to revalue pension rights earned since the beginning of 1985 in line with the RPI up to 5 per cent a year. The employee needs to ascertain whether his scheme does more than this. If it does not, the alternative options are likely to offer a better value, though the employer could always change his practice and improve the revaluation basis.

It is assumed here that the *employer revalues* all the non-GMP pension in line with the price index up to a maximum of 5 per cent, the GMP being revalued at 8.5 per cent a year.

On this basis, the deferred pension at 65 would be £19,800 and this would subsequently be increased on an ad hoc basis to offset inflation.

Transfer to a new scheme: This is the most difficult option to evaluate, since the ultimate pension will depend on both inflation and the employee's earnings progress in real terms in his new job.

The transfer value of the deferred pension from the old pension scheme as seen from the previous example was £22,800.

The simplest, though still complex, case would be if the employee were to transfer to a new job at the same salary into a scheme providing similar benefits. In this case, this transfer payment of £22,800 would buy 11 years 3 months added service. This means, the employee would be credited with this period of service in his new scheme to add to the 25 years potential pensionable service.

To evaluate this option the employee needs to ascertain his final salary when he reaches 65.

If earnings rise on average by 1.5 per cent more than prices, say 6.5 per cent a year, then the employee's salary at 65 would be about £90,600. The added years would provide a pension of 11.25/60 of £90,600 =£16,987.

But if earnings rose by 8.5 per cent a year, the final salary would be around £141,700 and the added years pension £26,500.

The higher the earnings growth, the better the option of transfer to a new scheme. If the employee is seeking maximum inflation protection with minimum risk, a transfer to another scheme is probably the best option.

Invest in a buy out annuity: This option offers the employee a wide choice of contracts from a host of life companies. It is all too easy to become oversaturated by quotations. Here we have the illustration of a unit-linked buy-out from a leading *life* company.

The illustrated benefits from the transfer payment of £22,800 are assuming an investment return of 10 per cent a year. A projected cash sum of £241,000, which secures a level pension of £32,300 fixed in money terms, or a *pension* which starts at £22,750 and is guaranteed to increase by 5 per cent a year.

Or on an investment yield of 14 per cent, a projected cash sum of £592,000, which secures a level pension of £79,400 or a pension starting at £55,900 rising 5 per cent a year each year, is expected.

The advice to employees changing jobs is simple.

- Get all the facts. This may well involve getting quotations from the pension managers of both the old and the new schemes, as well as quotations from life companies.
- Interpret the quotations with care, in particular make the effort to understand the underlying assumptions.
- Do not be afraid to ask for figures on different assumptions. Only by getting a spread of figures will any picture emerge.

If employers do not provide this service, the employee can seek independent advice on his own behalf.

Eric Short

BRIDGE

THIS SLAM hand appealed to me, so I offer it to you.

N.
♠ 7
♡ Q 9 8
◇ Q J 9 8 2
♣ A 10 6 5

W.
♠ Q 6
♡ 6 2
◇ K 10 7 4 3
♣ Q 9 8 4

E.
♠ J 9 8 4 2
♡ 4 3
◇ A 5
♣ K J 5 3

S.
♠ A K 10 5 3
♡ A K J 10 7 5
◇ 6
♣ 7

South dealt at game all and bid one heart, North said two diamonds, and South rebid two spades. North gave preference with three hearts, but when South now said three spades to show his 6-5 distribution, North said four clubs, and South bid six hearts.

West led the heart two—without the trump lead South has an easy crossruff. But now, restricted to two spade ruffs, he had to hope that spades would break 4-3, or that the Queen and Knave would drop doubleton.

He cashed the club Ace, ruffed a club in hand, cashed his Ace of spades, and ruffed a low spade on the table. The fall of West's Queen was disturbing, but he ruffed another club in hand and another spade with *dummy's* last trump, West showing out. He ruffed dummy's club ten, and played his King of hearts.

In the four-card ending West had K, 10, 7, 4 of diamonds, dummy had Q, J, 9, 8. East had A, 5 *of diamonds*, and J, 9 *of* spades, while South had K, 10 of spades, the heart Knave and the diamond six.

When declarer played his last trump, East was under pressure. If he threw his diamond five, he would be thrown in with a diamond, and forced to lead into South's spade tenace. To avoid this he discarded the Ace.

Now South led his diamond, finessed the nine, and returned the Queen. West made his King, but had to surrender the last trick to dummy's Knave. Brilliant.

E. P. C. Cotter

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Unit trusts

Japan — land of the sinking fund

UNIT TRUSTS investing in Japan were one of the most fashionable products on the savings market 18 months ago. Scores of investors were swept up by aggressive marketing that exploited the excellent record of Tokyo funds over the previous two years, and by a flurry of new unit trust launches. But today, the vast majority of these investors, many of them first timers, have found their high hopes dashed.

After racing ahead of other unit trust sectors in 1983-1984, Japanese funds slumped in 1985. They managed only a negligible gain of 0.6 per cent over the year—worse than all other groups bar the Australian, commodity and closely related *Far Eastern sectors*—while nearly half of the 40 Japanese funds operating throughout 1985 lost their unitholders money.

Hardly an auspicious effort for a group billed only a few months earlier as the investment of the 1980s.

Even more galling has been the failure of most of these trusts to match the local market indices. The Tokyo New Stock Exchange Index galloped ahead for much of the year, reaching an all-time high in the summer and turning in a 14.6 per cent gain for 1985 as a whole. But only four unit trusts notched up growth of more than 10 per cent.

What has gone wrong? Currency behaviour can be blamed for the poor showing by many overseas funds last year—but not in the case of Japan trusts. The pound's sharp rise in the middle part of the year certainly had a drastic impact on sterling-denominated funds, especially as few had hedged their Yen exposure.

But recovery by the Japanese currency in the wake of the September Group of Five meeting left the exchange rate at Christmas roughly on a par with its level a year ago. So British investors were little affected over 1985.

More important—and worrying—has been the apparent inability of fund managers to pick the right stocks. Many were caught unawares by the Japanese market's recent split into two tiers, characterised by heavy buying of domestic-oriented companies and a major sell-off of blue chip exporters, the traditional haven for foreign investors in Tokyo.

Exporting companies especially in the electronics sector, have been hit by the slowdown in the US economy and recession in the American personal computer industry, which accounts for almost 50 per cent of Japanese semi-conductor exports.

More recently, trade friction with the US and the appreciation in the value of the Yen led to big falls in technology stocks. Household names such as NEC, Fujitsu and Hitachi—access to which was the major selling point of many unit trusts—fell nearly 50 per cent from their 1984 highs.

Domestic stocks, meanwhile, have powered ahead on the back of frantic demand from Japanese institutions. Sectors such as financials, construction, retailing, defence and utilities have been buoyed by the Yen's rise, falling interest rates, de-regulation and hopes for fiscal measures to stimulate the home economy and ward off protectionist sentiment in America.

But even for the few trusts with market weightings in domestics, life has not been easy.

The short-term trading policies of Tokyo's cash-rich financial institutions, particularly the *tokkin* funds, and the tendency of investors to follow transient "themes" promoted by local brokers, meant that interest in individual sectors, while strong, was short-lived.

Older and larger UK unit trusts suffered most from the fast-moving investment conditions because of their relative inflexibility in switching holdings. As Montagu Investment Management's Stephen Barker puts it: "With such rapid sector rotation it has been a difficult year. To make money you have had to be pretty nimble."

His £9m Japan Performance trust, up an impressive 30 per cent over 1985, was the year's top performer thanks to a decision to avoid the high-tech sector and keep around 50 per cent in financial, property and construction stocks.

Other funds, he claims, have been caught out by the "cyclicality" of technology stocks and have ignored the "fantastic opportunities" elsewhere in the Japanese economy.

Trusts concentrating on smaller companies have fared particularly poorly in recent months, reflecting the dramatic downturn in the technology-dominated Second Market Index from its peak in October 1984. Schroder Japanese Smaller Companies, second best over one year, is the exception, after it side-stepped electronics stocks in favour of "unpopular or unappreciated" young firms in construction, real estate and consumer fields, all of which became fashionable in 1985.

Like MIM's fund, it was launched in 1984 when exporters' ratings were beginning to look unsustainable and domestics' undervalued.

Fidelity Japan, on the other hand, has dropped down the league tables — it came second of all unit trusts in 1984 with a 50 per cent gain — after remaining "over-heavy" in pharmaceutical and electronic shares for much of the year, and delaying a move into domestic stocks until the autumn.

Abbey's £100m Japan Trust, still second over three years, made a similar error. "We persisted with international stocks for too long," Abbey investment chief Paul Laband admits.

What of the prospects? Fund managers have been heartened by a bounceback in electronics shares since October, which saw many high-tech exporters climbing 20 per cent to 30 per cent. There are glimmers of hope in the semiconductor market and, though the latest rally is widely dismissed as a technical reaction to overselling, many feel that better times lie ahead.

MIM's Barber, who has moved 25 per cent of his portfolio into exporters in the past few weeks, says: "It will still be sticky in the next quarter for the technology sector, but we are now past the worst."

Few unit trust pundits, however, are recommending Japan for 1986. Economic growth is forecast to slow to below 3 per cent in 1986 and corporate profits to stagnate for the second successive year, because of subdued domestic demand and the effect of the stronger Yen on exports.

There is still enormous institutional liquidity underpinning the stockmarket, but domestic shares are not expected to stage a repeat of last year.

The lesson for investors must be to pick their fund carefully, according to their view on domestic and export stocks, and take a long-term view of Japan's prospects. No one now pretends it is simple to make a quick killing in Tokyo.

Martin Winn

BEST AND WORST PERFORMING JAPAN TRUSTS

BEST	%	WORST	%
1 year			
MIM Japan Performance	+30.1	Britannia Jap Sm Cos	−16.5
Schroder Japan Sm Cos	+27.6	Aitken Hume Jap Tech	−13.0
Gartmore Japan	+14.0	Abbey Japan	−10.3
3 years			
Fidelity Japan	+152.5	Baltic Japan	+48.8
Abbey Japan	+136.5	County Bank Japan	+57.9
M & G Japan	+126.5	S & P Japan Growth	+71.5

Figures to January 1. Offer to bid, net income reinvested.

Source: Money Management

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*18 January 1985 - 5 February 1986

To: Andrew Merriam, Granville Unit Trust Management Limited, 8 Lovat Lane, London EC3R 8BP. (Members of the UTA).

Please send me more information on the Granville Capital Unit Trust.

Mr/Mrs/Ms..............................

Address..............................

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THE GRANVILLE CAPITAL UNIT TRUST

Root and branch of the matter

BRIEFCASE

In "Briefcase" on November 16 under the heading "No liability for damage" was an answer which nags away at me. Can it be right?

The answer states that if an inspection of no danger from trees is reported there would be no liability for damage.

In other words it seems to say that the householder is exonerated because he took advice. What about a claim against his advisers?

My position is similar, in that I believe advice is sought on occasions by my neighbour and some of the large forest trees 50 yards away are dealt with.

But the "weed" trees which have grown along the border —and others—do not seem to have the same case, for there are dead branches which could cause damage. I say "weed trees" advisedly as anything that takes root is allowed to grow.

Where possible I *cut back* overhanging branches so that they do not actually hit my house in every wind.

But certainly falling branches could damage and tree roots are forcing my drive up.

The reason for saying that no claim arises if there is no damage is that the courts award money compensation for damage actually suffered, not for that which might have occurred, but has not been shown to have happened. Technically, it is open to you to seek an injunction to require the owner of trees which extend into your property to abate the nuisance, but in practice the courts are not likely to grant such an injunction (which is a discretionary remedy) where a simple form of self-help will achieve a result. An injunction would probably be granted if you could establish that there is a real risk of damage from falling branches even though none has yet fallen, ie, if an expert can say that the tree is unsound.

Transferring funds

I am non-resident for purposes of UK tax on interest credited to UK deposit accounts, etc. Would you please confirm that I have correctly understood the dates to avoid paying the preceding year's basis of tax assessment as follows:

If I transfer my funds to an offshore account before April 5 1988 *and return my funds* and take up UK residence after April 5 1989 would I avoid paying any *tax* whatsoever?

The introduction of the composite-rate tax scheme for UK bank deposit interest, from the beginning of the current tax year (April 6 1985), means that people coming to the UK to resume ordinary residence no longer need to close their UK bank accounts in anticipation. The fact that your rate of interest will be substantially reduced in 1989-90 (because of the bank's liability for composite-rate tax) will prevent the preceding-year basis from being imposed for that year onwards —by virtue of paragraph 6 (5) of schedule 8 to the Finance Act 1984.

A free explanatory pamphlet IR55 (Bank interest: paying tax) is obtainable from the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, United Kingdom WC2R 1LB. Unfortunately, it tends to oversimplify the oddities of the CRT scheme.

People coming to the UK to become resident but not ordinarily resident, however, still need to beware of the preceding-year basis on bank interest, etc.

Commission to broker

I telephoned my broker in May 1985, asking him to buy shares at maximum price of 170p. He buys at 180p, without my authority. Also, he fails to check my address, consequently no paperwork reaches me until September (as he used the last address but one). By this time, I had guessed that there was no joy at 170p or less. The shares were useless anyway and fell down to 45p. If he had got the contract note (at 170p) to me on time, the shares would have been quickly sold for obvious reasons. I assumed that he had done me a favour in not proceeding. He has now sold the shares and expects me to pay for the loss and his commission!

My note attached to the transfer signed by me said that liability was not accepted etc.

Am I obliged to pay for the shares?

Are my detailed contemporaneous notes enough to fend off his threats of Court? What are his chances of success? (he is a very vague fellow).

If you can establish that your instructions were to purchase at a maximum of 170p, you would not be obliged to pay for the shares or pay commission. Contemporaneous notes will be crucial, and you will need to be able to convince the Court that the notes were indeed contemporaneous. If the broker does not himself have contemporaneous notes, yours are likely to prove conclusive.

Company to find a flat

Having found it difficult to rent a flat in central London as an individual, I have decided to form a company solely for this purpose, (or alternatively to purchase one "off the shelf"). I understand that I will have to engage auditors (for a hefty fee) each year to draw up accounts which I am obliged to submit to the Registrar of companies. In view of the fact that the company will not be engaged in any form of trading, is it possible to avoid this requirement in any way—perhaps by forming an unlimited company?

The requirements as to auditor and laying accounts before th annual general meeting appl to companies limited by guara tee as well as to those limite by shares.

Without my worldly goods

I am 65 my wife is 66 we hav one son 33 married nearly 6 years. We accepted an invitation from our son and daughter in law for Christmas and we neither liked what we saw or heard. Our opinion is the inevitable will eventually happen.

I want to make a will. Is ther any way my wife and I can leave our estate to our son without his wife claiming a share should they decide to divorce.

You can achieve an approxim tion to what you want if yo wills set up a trust which is discretionary trust with yo son and one or two others objects of the discretion, w people whom you can trust follow your wishes as t trustees.

No legal responsibility can accepted by the Financial Time the answers given in these colum All inquiries will be answered post as soon as possible.

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When it comes to their pension, many otherwise shrewd people make decisions which defy common sense.

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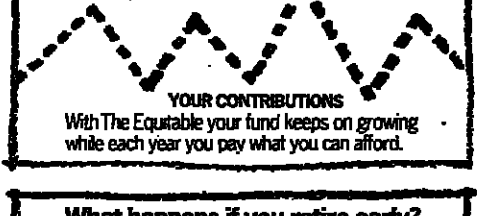
For a start you have to identify the company with policies flexible enough to meet your needs.

MAXIMUM FLEXIBILITY

Contributions can be varied



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With The Equitable you get the full value of your fund to date.

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- ☑ North American Fund
- ☑ Far Eastern Fund
- ☑ Gilt & Fixed Interest Fund
- ☑ Fund of Investment Trusts
- ☑ With profits policies

Next, you must satisfy yourself you won't be pouring money, year after year, into a company which will pay out a fraction of what could have been achieved elsewhere.

Of course the past cannot guarantee the future, but you must be certain the company's policies have a record of delivering outstanding performance.

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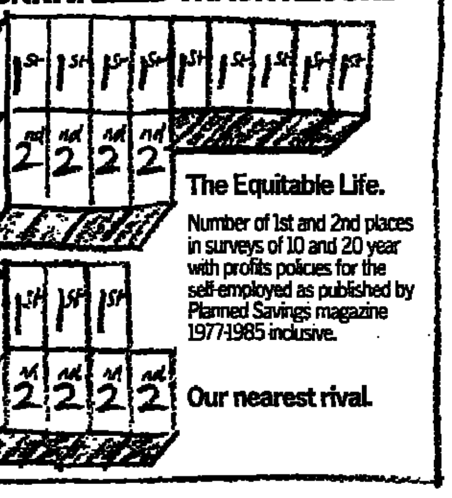
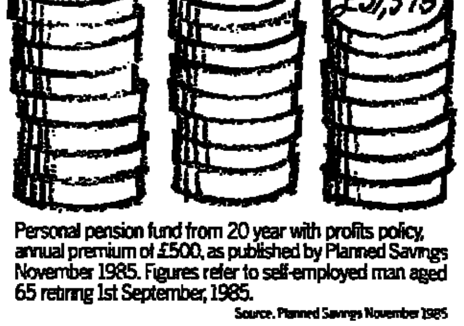


The Equitable Life.

Number of 1st and 2nd places in surveys of 10 and 20 year with profits policies for the self-employed as published by Planned Savings magazine 1977-1985 inclusive.

Our nearest rival.

TOP PAYOUT



Personal pension fund from 20 year with profits policy, annual premium of £500, as published by Planned Savings November 1985. Figures refer to self-employed man aged 65 retiring 1st September, 1985.

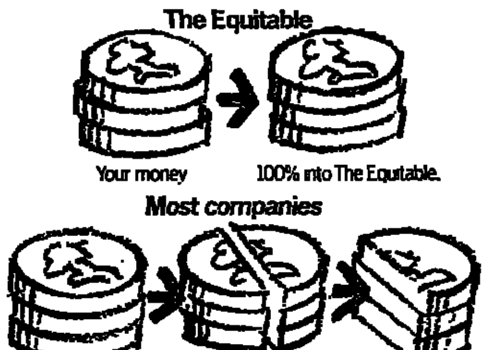
Source. Planned Savings November 1985

You may want to bear in mind that The Equitable Life is unusual in not paying commission to brokers or other middlemen.

Which is why these people may be reluctant to recommend The Equitable.

So you'd be wise to make sure you get some figures from us.

NO MIDDLEMEN



What's more, unlike most companies, we invest every penny of your unit-linked contributions. We have no policy charges and we don't use capital or initial units with high annual fund charges.

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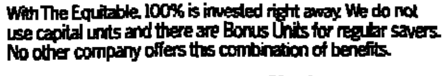

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One reason is that, unlike most of our competitors, there are no shareholders to nibble away at the profits.

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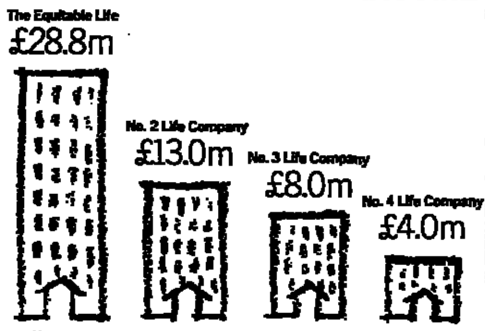

We run more Additional Voluntary Contribution Schemes than any other life company. And these schemes bring us more than twice the premium income of our nearest competitor.

Source. Pensions magazine November 1985

We admit that deciding which pensions company to go to is difficult.

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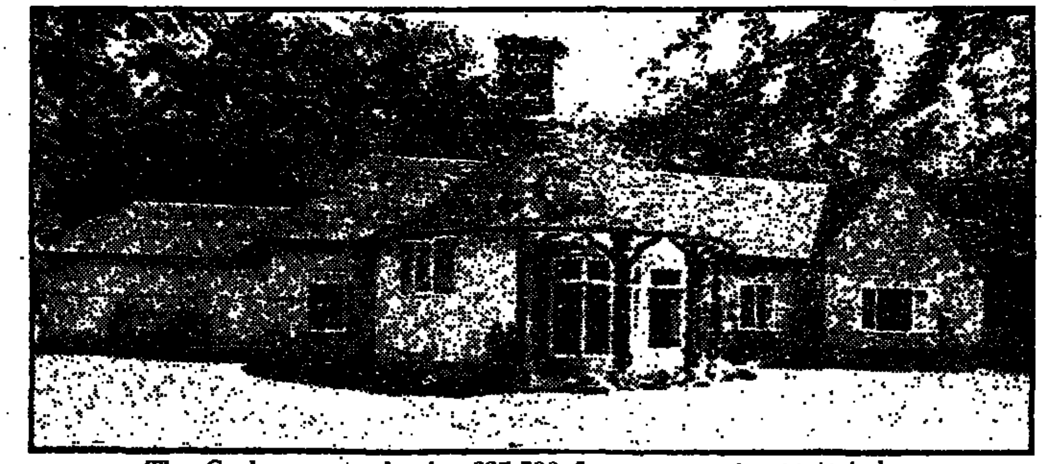
• FINANCE & THE FAMILY •

Glebe Farm: A 15th-century farmhouse in Ashford, Kent, on sale for about £190,000



The Garbo approach: An £87,500 former gamekeeper's lodge for those who value privacy

The cost of a dream

FOR MANY people, their dream residence is a house in the country. They see in their mind's eye areas of lawn, rolling meadows looking across a distant view of hills, woods or the sea.

However, to bring that dream to reality requires the search to find the house that meets, or almost meets, those requirements and then the large financial arrangements to pay for the dream.

These are two different objectives requiring two different types of professional expertise. So from the beginning of this month leading estate agents Strutt & Parker, who will find you that house, has linked up with Willis Faber & Dumas (UK), the financial planning arm of leading insurance broking group Willis Faber, who will arrange your finances to meet the cost.

Make no mistake, this is very much an upmarket operation. The scheme relates to house values of at least £100,000 situated in the country. So financial planning is essential for many such housebuyers.

Simon Batt, a director of Willis Faber & Dumas, states that in his experience people buying houses in this price bracket are far more reluctant to discuss financing the deal. They seem to prefer discussing the matter quite separately from the actual buying of the house.

Willis Faber will handle the complete transaction from finding the mortgage finance—no shortage of funds claims Simon Batt—to designing the mortgage repayment package.

Here, Simon Batt claims that the service offers complete flexibility over repayment. There is no obligation to use any particular method and certainly no absolute requirement to take out a life or pension policy to repay the mortgage.

The service will provide help for the housebuyer up to a certain stage free of charge. Thereafter, the housebuyer would be charged fees on a stated basis. The position over fees would be made perfectly clear to clients before any commitment. If any commission is received, then no fees would be involved.

Willis Faber can also arrange the house insurance, through the general insurance side. With the type of house involved, the insurance would be individually rated, with the insurer certainly requiring adequate alarms and security devices.

Both Strutt & Parker and Willis Faber & Dumas operate throughout the UK. So wherever your dream house is situated, this new service is available.

Eric Short

Powers of attorney

Saner approach to senility

JUST AS making a will sometimes gets put off for the simple reason that few enjoy focusing on their mortality, so making arrangements for the grim possibility of becoming senile, or mentally incapable, is rarely uppermost in anyone's mind.

The Enduring Powers of Attorney Act, 1985, which comes into force in March, will make the legal position for coping with such events very much easier. It is in the interests of anyone with a willing and trusted relation or friend to create an enduring power of attorney as a matter of course rather than as an emergency measure leading up to a crisis.

Under the present system, based mostly on case law, a power of attorney becomes invalid as soon as the individual who makes the power becomes mentally incapable. The Court of Protection then has to be brought in to appoint a receiver—a process which involves time and money. Under the new Act sane individuals have the right to create an enduring power of attorney which will survive any subsequent changes in their mental state of health.

Forms to create an enduring power of attorney have been designed to be straightforward and easy to fill in. Only when the donor of the enduring power of attorney is judged to be mentally incapable does it have to be registered by the attorney at the Court of Protection.

This is where some of the new *Act's safeguards* come into play. Before he can register at the Court of Protection the attorney has to inform the person he believes to be incapable (and should they think they are perfectly capable they can object and tell the Court of Protection), certain relatives—starting with the individual's husband or wife and ending with the children of his uncles and aunts, "of whole blood" — also have to be notified.

The forms giving formal notice of registration are easy to follow and designed to be used by the layman. Any of those given formal notice, or indeed anyone else, can object to the Court of Protection about any misuse or abuse of the enduring power.

The Court has extensive powers to demand to see the accounts of an estate being looked after under an enduring power.

However, until the Court of Protection receives any objection to the registration or subsequent abuse of an enduring power, it takes a passive role. Thus, in the unlikely circumstances where an individual finds himself without any family or any close friends, he would have to be extremely certain that his chosen attorney is trustworthy.

The Enduring Powers of Attorney Act 1985 will come into force on March 10. Pamphlets giving guidelines will be on sale at HMSO and major newsagents

If the Court of Protection decides that the attorney appointed under an enduring power is unsuitable it will cancel the power and, possibly, appoint a receiver. When an individual recovers from a serious accident affecting mental capacity or from a bout of mental illness the Court of Protection will, if asked, "unregister" the power without actually *interfering* with the original enduring power of attorney.

By creating an enduring power of attorney individuals do not necessarily have to let the power take over immediately. They can specify for instance, that they want the enduring power to take over only if and when they become mentally incapable.

If the person granted the power of attorney is a professional fees can be charged for the work involved. A friend or relation can also charge expenses.

As soon as the finer details of the rules and regulations have been finalised, law centres, citizens advice bureaux and charities such as Age Concern will be armed with forms and explanatory pamphlets.

The aim is to make the enduring power as accessible as possible. It is hoped to make it appeal to a much broader spectrum of people than those interested only in coping with the estates of doddery parents who appear to be on the brink of senility.

Jane Owen

Holiday homes

How to achieve a happy release

BUYING a holiday home presents the purchaser with an immediate dilemma: whether to let the property during the owner's absence and so encourage the property to pay for itself; or forgo the hassle of letting, and accept the purchase as a necessary luxury with a *possibility of some capital* appreciation.

When time-sharing first appeared it seemed as though this could provide the perfect answer. But, for a mixture of reasons, time-share failed to please everyone.

Developers have now turned back to an old idea—sale and leaseback—to tackle the problem. *After purchasing their* apartment, the new owner leases the property back to the developer who lets it out.

The largest exponent of this idea in France is Pierre and Vacances. They offer purchasers 25 per cent off the asking price of an apartment. In return, the purchaser leases back the flat for 11 years to Pierre and Vacances, who let the apartment for all but six weeks of the year when the owner is entitled to use it.

While the owner of the flat receives no rental income from his apartment, he also has no running costs to pay. Everything including electricity, hot water, cleaning and repairs (but excluding rates) is seen to and paid for by Pierre and Vacances. So the owner enjoys his six weeks' holiday use of his flat free of bills or maintenance.

Although purchasers receive a 25 per cent discount, the property's value on the title deeds is the full asking price so if the flat holds or increases its value over the 11 year period, there is the chance of a reasonable capital gain.

The owner of an apartment is free to sell at any time, even during the leaseback period; but the purchaser takes on the leaseback with the discount reduced in proportion to the number of years left to run.

Because Pierre & Vacances operates a large self-catering holiday business successfully, they seem to have been able to make this formula, called "Nouvelle Proprieté," work efficiently *and profitably. They* now have developments in 37 French resorts in the mountains and on the coast, so owners can swap weeks with other areas. It is also possible to exchange flats.

Other developers, who build and run developments where they can be sure of high occupancy all year, are also experimenting with different formulas to encourage people to buy holiday accommodation and let it out.

In 1984 the Pinoverde development on the Pals golf course near Begur in Spain, the developers of the golf village introduced a rent-back scheme.

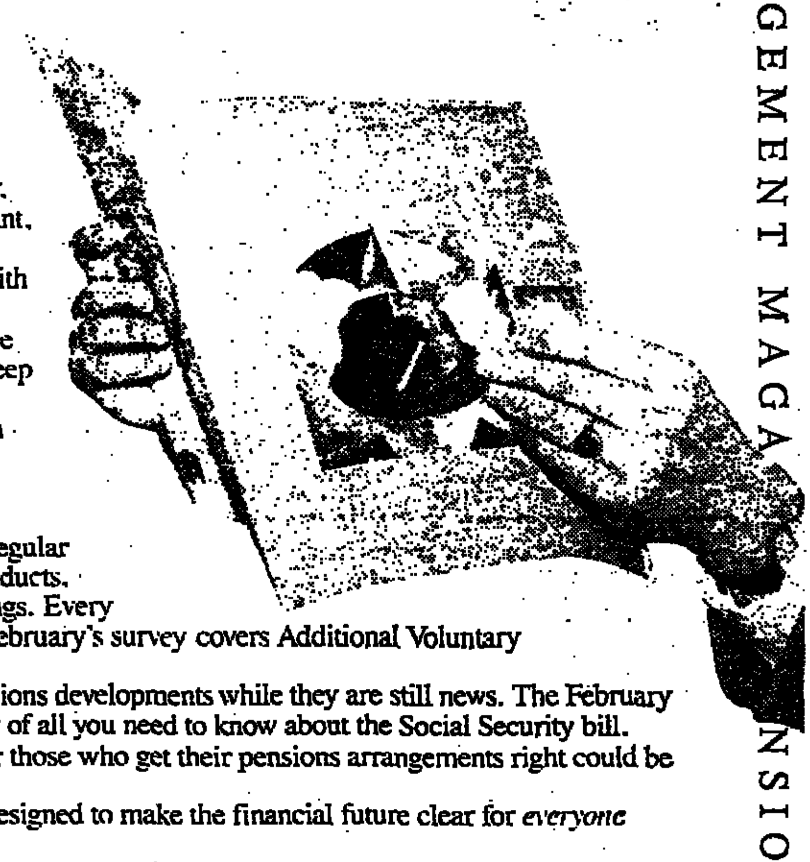
If purchasers agreed to rent back the villa to the developers for five years, they received an annual income of £2,500 per year for the period, or a lump sum in advance of £8,181 (Pta 1,800,000) deducted off the sales price.

Like Pierre & Vacances, the agreement frees the purchaser *from all running costs (except* rates), but if he wants to use the house during the five year period, rent is payable.

The obvious disadvantage of this form of "rent back" is that there is no increase in the "rent" over the five-year period for the owner, and the purchaser still has to pay for his holidays.

Purchasers considering any form of leaseback arrangement must be certain that the organiser of the scheme has a proven record in letting, as the whole arrangement depends on a guaranteed rental income from the property.

Amanda Seidl



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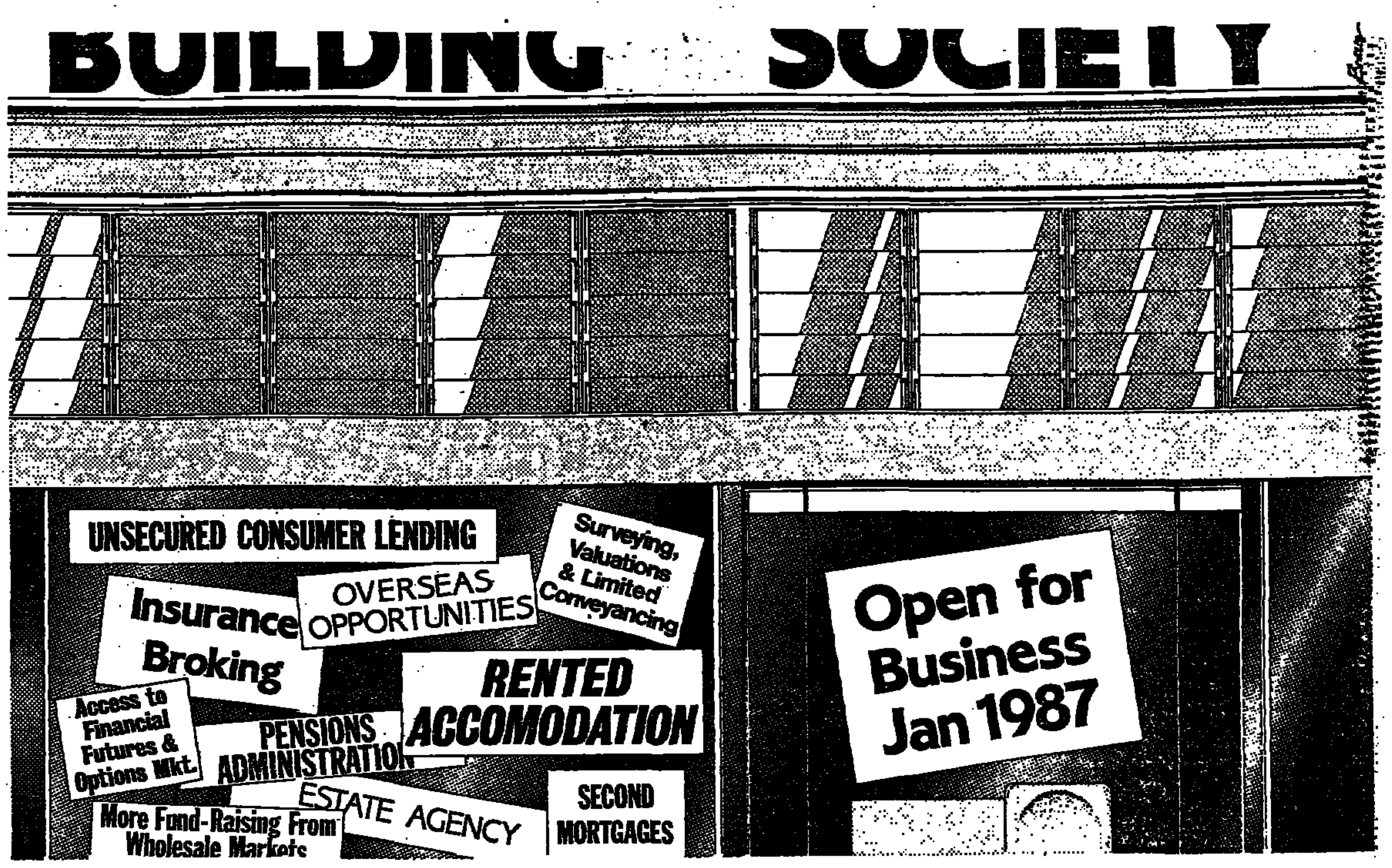
Building Societies

From next January, the building societies will be able to offer a number of new services to customers. But the uneven pace of deregulation in the financial service sector has brought with it many problems



Pace of game quickens

By Clive Wolman

FINANCIAL PRESSURES are forcing the larger building societies to regard the new services they will be allowed to offer from next January as more of a lifeline than an optional extra.

Over the last year the societies have faced an onslaught from outside competitors on their two traditional markets, for savers' deposits and residential mortgages.

After steadily losing their share of individual savings to the building societies for more than a decade, the banks struck back last winter. They have launched a variety of popular high-interest accounts with chequing facilities, introduced free-if-in-credit banking and re-opened many of their branches on Saturdays.

At the same time, the mortgage market has been flooded with new entrants in search of profitable niches, clearing banks, foreign banks, merchant banks and insurance companies.

As a result, according to stockbrokers Quilter Goodison in a report published last month, the societies are likely by this year or next to be suffering an operating loss on their primary business for the first time in their history.

However, most critics of the building societies fail to identify a root cause of many of their current problems. The critics often suggest that the societies' low, and declining, return on capital is the result of poor management. Mediocre managers, the argument runs, have been sheltered for generations by strict Government regulation and demarcation in the financial sector, by the societies' interest rate cartel and by their lack of accountability to shareholders. Such managers may now prove incapable of getting to grips with the new challenges.

Building societies certainly have a lot to answer for, in terms of the service they have provided to mortgagors over the last few decades. In return for paying subsidised interest rates, building society borrowers had to suffer lengthy queues for funds, demeaning and arbitrary loan qualifications and equally arbitrary penalties if they choose one type or size of loan rather than another.

Mortgage departments were guilty of a remarkable lack of innovation. Throughout the era in which the building society cartel monopolised the market, borrowers found it difficult or impossible to obtain pension mortgages (especially those who were in company pension schemes), index-linked and low-start mortgages, mortgages transferable from building to building or from owner to owner, and any of the other types of mortgage actively marketed, for example, in the US. Only recently, since the demise of the cartel, has the range of mortgage products been widened.

By contrast, in the savings market, the building societies, assisted by strong support from their (non-unionised) staff, gained supremacy over the banks during the last decade by being more sensitive to customer requirements. They offered longer branch opening hours, fewer charges and penalties and a greater choice of savings accounts.

Although building society management costs have risen much faster than inflation over the past decade, they still compare favourably with the banks', even after allowance is made for the banks' more costly range of services.

And most observers would agree that, in terms of foresight, imagination and drive, the top executives of the largest building societies are no longer at a disadvantage alongside their counterparts in the retail banking divisions of the clearing banks.

The real difficulties of the building societies arise from the uneven pace of deregulation in the financial services sector and from the peculiarities of the UK tax system. The building societies' dilemma was summed up in the last four months of 1985 when they were having to pay interest rates to depositors which were as much as two percentage points above the banks' base rates and other wholesale money market rates. In other words, the finance director of GEC was being offered a lower gross rate of interest on £100m of his company's cash than he was on £100 of his children's cash in a building society.

Although widely regarded as a temporary aberration, there are sound commercial reasons for this phenomenon which arise from the different tax position of retail and wholesale depositors. A composite rate of tax is deducted at source from the interest paid to individual depositors. By contrast, the depositors in the wholesale markets often pay no income tax, sometimes because they are tax-exempt institutions like pension funds or, in the case of many Eurobond holders, for less respectable reasons.

In effect, the suppliers and takers of funds in the wholesale markets split the benefit of the tax exemption between them and this is reflected in a lower rate of interest.

Thus in the newly *deregulated* UK mortgage markets, banks and other intermediaries have been able to pay out interest (on the funds they have raised) free of tax while receiving interest (from home-purchasers) on which tax relief can be claimed. The Inland Revenue's loss is, at least partly, their gain.

Although the Government's de-regulation policy is supposed to create "a level playing field" on which competition can flourish, the building societies can only participate on the fringe of this game. Their ability to tap the wholesale money markets is severely restricted. They were able to issue Eurobonds for the first time in October—and the larger societies jumped in with enthusiasm. But they will be permitted to raise no more than 20 per cent of their assets from such non-traditional sources even when the Building Societies Bill takes effect next year.

Consequently, building societies are in constant danger of finding their mortgage rates undercut by wholesale funders. And they are also unable to widen their interest rate margin *by pushing down the interest* rates to their savers because of the competition from tax-privileged National Savings products and the banks.

Early last year the large clearing banks decided to pay higher interest on some of their savers' deposit accounts than they pay in the wholesale markets. Their reasons were that retail funds have the advantage of low (but increasing) volatility and, more importantly, that deposit accounts can be used as loss leaders to attract customers to the bank in the hope of selling them other highly profitable services such as personal loans and credit cards.

Here again the unevenness of the playing field is highlighted. For building societies have few opportunities to cross-sell other services to their customers. Even the large commission income they have generated from the sale of endowment mortgages since 1983 is likely to tail off.

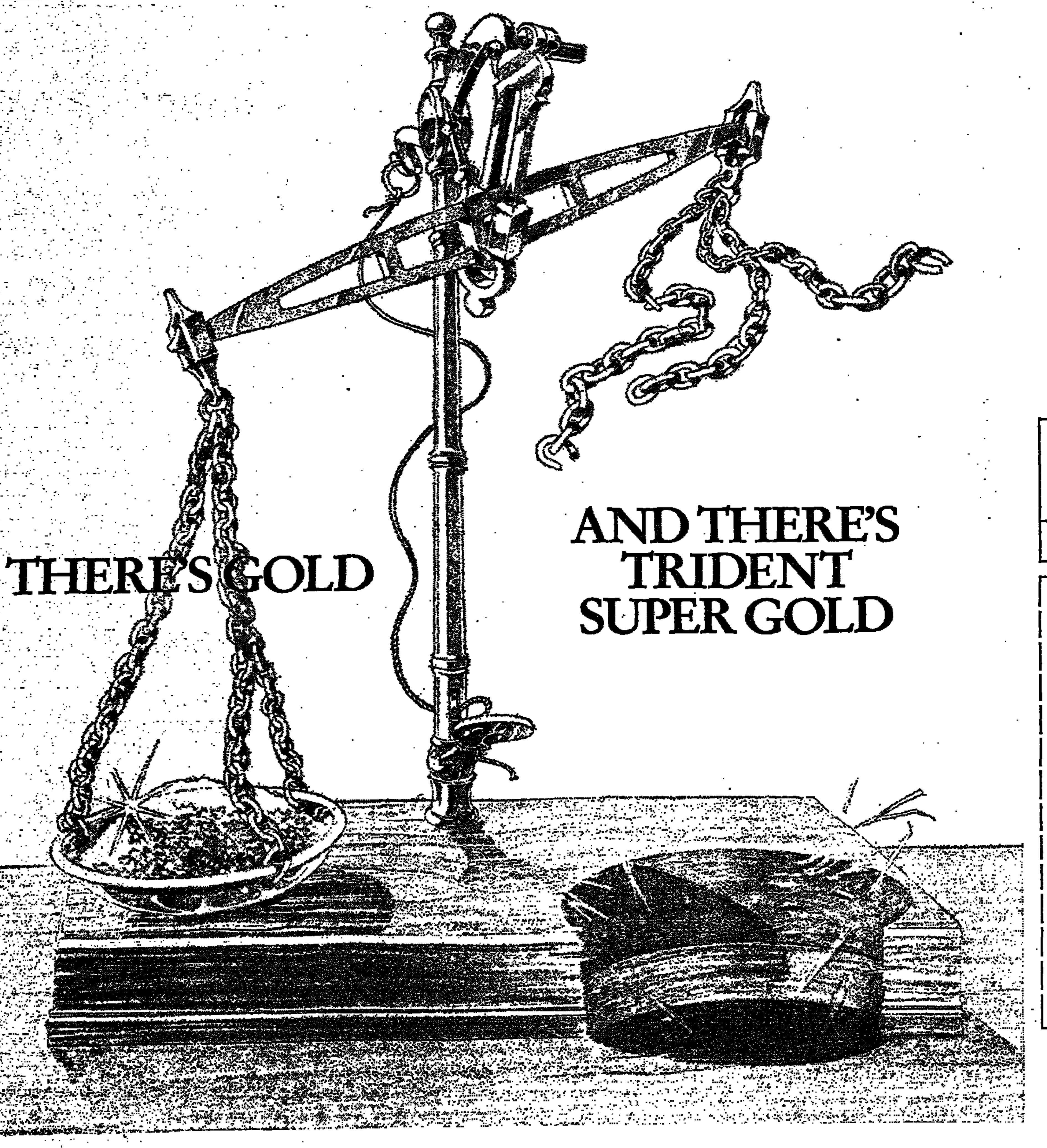
The Building Societies Bill will give them more scope by permitting their move into insurance, estate agency and other house-buying services, into other EEC countries and into second mortgages and unsecured lending.

The Quilter Goodison analysts reckon that the profit margins on unsecured lending are so high that if in 1984 the societies could have switched 5 per cent (the maximum permitted) of their advances from mortgages to unsecured lending, their operating income would have doubled.

Nevertheless, only the larger societies which have substantial management resources will be permitted to move into the new areas—and the limits imposed by the Bill are strict.

By next year, a building society should have two other ways of boosting its operating income. One is to by-pass the 20 per cent restriction on wholesale funding by use of secondary mortgage markets. The society's function would remain the traditional one of originating and servicing mortgages but it would no longer hold the asset on its own balance sheet.

The alternative is to convert to a public limited company and escape the restrictions on building societies. However the route to company status proposed in the Government's consultative document published in December is so arduous that, unless the provisions are relaxed in the Bill, all but the bravest societies are likely to be deterred.



Savings Products

Fierce battle is likely to intensify

BANKS AND building societies have begun to eye one another with more wariness than in the past, suspicious of any whiff of a new attempt by the competition to woo the private investor.

Competition has intensified in the last year, and promises to get more fierce still in the run-up to the enactment of new legislation permitting building societies a wider role in financial services next year.

The imposition of Composite Rate Tax (CRT) at 25.5 per cent on interest paid on individuals' bank accounts last April brought to an end the banks' long-standing complaint that CRT on building society accounts had allowed them to pay a higher rate of after tax interest.

Once banks were obliged to pay interest after deducting CRT, however, they were cut out of the non-taxpayer market. They made the most of it by concentrating on higher-interest accounts, where savers could get rates close to those available in the money markets.

High-interest cheque accounts offered by the banks typically require high initial deposits of £2,000 or more, with an improving rate for bigger balances.

National Westminster Bank's highly popular "Special Reserve" account, for example, was recently offering a gross equivalent rate of 12.67 per cent on deposits between £2,000 and £10,000, rising to 13.03 per cent on balances of £10,000 and over.

While instant access is a major source of the appeal of such accounts, their requirement of high balances and, in some cases, of minimum transaction sizes as high as £250, are negative features from the point of view of the investors.

The building societies have not been slow to come to this conclusion, offering instant access high-interest accounts of their own with lower minimums and tiered rates.

The Woolwich, for example, was recently offering a prime instant access account with a minimum investment of £500 accruing interest at a gross equivalent rate of 12.86 per cent, rising to 13.57 per cent on investments over £10,000.

There has been strong growth in prime and high-interest accounts, as penalties for early withdrawal of funds have been phased out. By the end of last year, only around a quarter of savings placed with societies remained in ordinary share accounts

Prime, or high-interest accounts have been steadily drawing the bulk of investors' money, as the penalty for early withdrawal has been phased out on many accounts.

According to the Building Societies Association, at the end of 1985, just a quarter of savings in building societies remained in ordinary share accounts.

Ordinary share accounts held 45 per cent of savers' funds at the end of 1983, falling to 32 per cent at the end of 1984. The more competitive rates of interest paid by the societies, along with the high cost of new technology investment to modernise their operations, have taken their toll on the societies' profits, which fell for the first time in five years in 1984.

Along with other building societies, the Woolwich has also recently introduced an automated teller machine (ATM) account, with 50 machines in the home counties. It plans to be linked into the matrix system of ATMs to be launched at the end of February by the Leeds, Anglia, and Bradford & Bingley.

All the major building societies see increasing numbers of ATMs, with additional services such as standing orders and direct debits, as a major growth area for the future. The Leeds estimates that it needs 400-500 ATM machines throughout the country to cover adequately its membership.

The number of ATMs installed by building societies so far is still relatively small, with one exception. Halifax's Cardcash account, launched in 1983, now numbers 970,000 of a total 10m accounts. The Halifax describes it as a "very simple money management service available out of hours."

Cardcash is one of the few accounts that offers a bill payment service with no charges. The account, recently offering a true rate of 7.12 per cent on balances up to £2,000 and 9.20 on balances over £2,000, pays interest twice yearly. ATMs are available at virtually all hours, with 357 already working.

The Halifax says it has already begun to recoup the costs involved in installing these ATMs, but the size of such fixed costs is undoubtedly a deterrent for many of the smaller societies considering their installation.

In order to expand their services while staying within the confines of the existing legislation, some building societies have linked up with banks to provide cheque account facilities, and in some cases, a credit card.

Building societies say that customer research suggests substantial interest in operating cheque accounts. Under the new legislation's allowances for unsecured lending, large societies may be able to compete with banks' overdraft facilities to customers.

Overdrafts to tide people over a short-term financial squeeze are a service the major building societies intend to explore, albeit cautiously at first.

They seem determined to cultivate a new image which effectively straddles both old and new — on the one hand, the "friendly" approachable society that responds to customer demand, and on the other the innovator forging ahead with financial services.

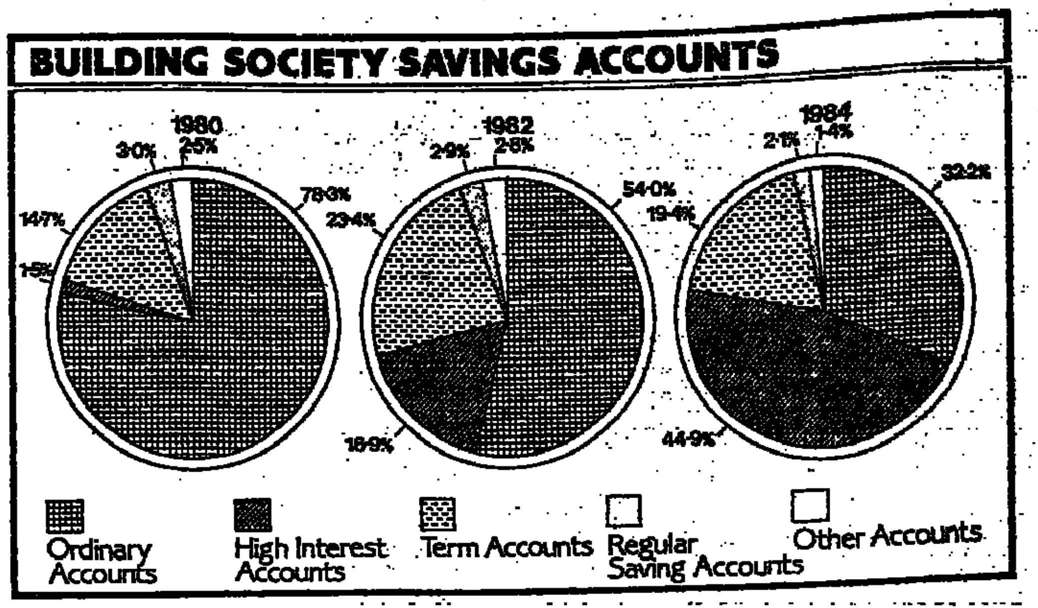
Financial counselling is seen as an increasingly important area for the societies, and most of the major societies are looking at the possibility of providing such services. With automation replacing the need for tellers, an expansion into personal counselling is seen as an exciting new field.

Heightened customer awareness of the advantage in shopping around for the best interest rates and facilities, coupled with increased competition, have led the societies to place a high priority on advertising and marketing.

One of the leading building societies suggests that the customer's traditional perception of building societies must be retained if the societies are not to lose long-standing customers while attracting new ones. "If you do things with too much of a commercial hat on your head, you could lose your bread and butter," says another.

More traditional mortgage lending is likely to remain the "bread and butter" for most societies. Competition in this area remains a high priority, as the Abbey National revealed last month with a new loan guarantee certificate allowing house buyers to convince vendors of the seriousness of their intent to purchase.

Dina Thomson



Cash Transmission Services

Much ground has been lost to the banks

BEING ALLOWED to provide more banking facilities, as proposed in the Building Societies Bill, is one thing but taking practical advantage of this new freedom is a different matter.

If the building societies are to compete with the clearing banks, then they will have to offer competitive services. In particular the ability for customers to draw out, or deposit, money easily and quickly round the clock, not just during business hours.

So far the building societies are way behind. The banks have developed national networks of cash dispenser machines, linked to the clearing system, and are now rapidly moving into providing more sophisticated services offering financial and information as well through automated teller machines.

The building societies have taken only the first tentative steps. Many of the individual societies issue their own cash withdrawal cards, but there is still a long way to go in establishing a national network like the banks.

This month sees the launch of Matrix, one of the two leading contenders to promote automated teller machines for building societies. Matrix is the name for the national network of ATMs set up by Electronic Funds Transfer—a company established in October 1983 under the auspices of the Building Societies Association, but now completely independent.

Seven of the top 11 building societies are founder members. These are Alliance and Leicester, Anglia, Bradford and Bingley, Bristol and West, Leeds Permanent, National and Provincial and the Woolwich.

The plan is that each individual member society of Matrix will issue its own cards and operate its own proprietary system. They will also be connected to other members of Matrix through the IBM value added network (VAN) system providing network control and settlement facilities. All the Matrix terminals will have facilities for cash withdrawals, deposits of cash or cheques and checking account balances.

The machines will initially be open seven days a week from seven in the morning until 11 pm. As each society expands its own network, the sharing arrangement should increase to more than 1,000 machines countrywide during the next two to three years.

In addition plans are underway to extend the system to other financial services, including cashless and chequeless shopping, known in short as Eftpos (Electronic Funds Transfer at Point of Sale).

One of the Matrix members, the Anglia, in fact launched Britain's first pilot Eftpos scheme in Northampton last autumn signing up a variety of retailers, restaurants, garages, etc to provide cashless shopping facilities. The introduction of this first large-scale cashless shopping experiment was something of a coup for Anglia since it had ventured to push ahead into ground where the banks have been somewhat reluctant to tread.

Anglia is one of the three societies (the others are Bradford & Bingley and Leeds Permanent) who start operating on the Matrix network this month with some 100 shared machines between them. The Woolwich will join next month bringing a further 40 machines and by the time all seven member societies are on stream by the end of the year there will be 415 shared terminals.

Cardholders will be able to withdraw up to £250 a day from terminals belonging to Matrix members. Once the system is operating, other building societies will be urged to join and increase the number of machines.

Meanwhile, however, there is powerful competition to Matrix from a rival organisation, Link, which aims to install over 1,100 automated teller machines by the end of 1987. Link is a somewhat different animal. Its board includes as founding members Abbey National, Nationwide, Co-operative Bank, National Girobank in partnership with Funds Transfer Sharing — a licensed deposit takers, charge card companies (American Express and Diners Club) and other financial concerns, including Citibank, and several of the smaller building societies.

Members of Funds Transfer Sharing combine their own networked switching computer facility and the other four founding members have their individual switching arrangements.

In December, for the first time ever, according to Funds Transfer Sharing, two building societies started shared transaction facilities. An automated teller machine in Cheshire owned by Britannia Building Society issued cash to a member of the Yorkshire Building Society.

Shortly afterwards a Britannia member was able to withdraw money from an American Express machine at Euston station in London. Abbey National was one of the first Link members to start an ATM network with the Abbey-link card. The development of both these rival systems in the years ahead will spread considerably the number of cash dispensing machines available to members of building societies.

Meanwhile the biggest force at present among building societies providing automatic teller machines is the Halifax following the launch of its Cardcash scheme in September 1983. It already has 357 machines, and nearly 1m accounts, through which you can put money in, take it out, pay bills and standing orders, transfer funds, and obtain statements and balances. The services are free of charge.

So far the Halifax, having taken the lead, is standing aloof from joining the other systems. Eventually there will have to be some closer form of co-operation between the building societies if they are to compete effectively with the clearing banks.

John Edwards

The Abbey National Building Society will have some 300 automated teller machines in operation by the end of this year. With software supplied by CAP, these ATMs can take deposits, as well as dispense cash and answer balance inquiries

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Mortgage Market

Pressure on managers and first-time buyers

THE distintegration of the building society cartel and the opening up of competition in the mortgage market over the past five years has produced two principal victims — the traditional building society manager and the first-time buyer with a small home and small mortgage.

Building society managers have been accustomed to managing only one side of their balance sheets. Whatever funds they could raise from savers within the constraints of the interest rate cartel, there was nearly always a long queue of borrowers outside the branch doors waiting to receive them.

Now, however, branch managers are discovering that their customers will go elsewhere if their restrictions are too niggling, their service not speedy or their interest rates too high. Fixing savers' and borrowers' interest rates to match supply and demand now requires great finesse.

According to Mr Mark Bolcat, deputy secretary general of the Building Societies Association: "There is plenty of money around and for the first time since the 1930s, the building societies have started advertising."

What has saved the societies from becoming awash with unwanted funds has been the steady growth in overall mortgage demand, fuelled partly by the continuing council house sales and rise in owner occupation, and partly by the increasing willingness to use a mortgage to finance consumer spending.

The first-time buyer back in 1980 was paying an interest rate about two percentage points below the bank's base rates and as much as five points below the inflation rate. For him, the opening up of the mortgage market has meant easy access to funds but at far greater cost. By last month he was typically paying interest rates more than two points above base rates and eight points more than inflation.

His difficulties highlight the effects of allowing competition to erode the decades-old cross-subsidies in the home loans market by which borrowers benefited at the expense of savers, and small borrowers benefited at the expense of the large. The cross-subsidy between savers and borrowers has been removed in stages since the entry of the clearing banks into the mortgage market in 1980-81 and the break-up of the interest rate cartel in 1982-1984.

The discrimination against large borrowers has been abandoned by nearly all the major building societies. At the beginning of 1985, only the Nationwide and Woolwich, both of which are concentrated in the south-east with its inflated property prices, charged no differentials for larger loans.

But confronted by increasing competition from the clearing banks, foreign banks and insurance companies, the other societies have followed suit. The Halifax and Abbey National abandoned their differentials over the summer. Leeds Permanent and the newly-merged Alliance and Leicester followed in the autumn. By last month, the Bradford and Bingley was the only society among the largest 16 to be maintaining differentials.

Many societies removed the penalties for larger loans in response to competition from the banks in 1982, only to reintroduce them when the clearing banks temporarily cut back their lending the following year. But a similar re-introduction is unlikely this time, if only because the competition to building societies is now so broadly-based that the societies are never likely again to enjoy even temporary monopoly status. Competitors now include not only clearing, merchant and foreign banks but also insurance companies such as London and Manchester — which was one of the pioneers — and most recently the mighty Prudential.

The only remaining major anomaly, the higher interest rate charged to borrowers who repay their loans through endowment insurance policies or pension plans, is also likely to be removed in the near future. The building societies have already narrowed the differentials from 1.0 to 0.5 per cent and the foreign banks, although not yet the clearing banks, charge none.

Interestingly, whereas the building societies traditionally justified their differentials for larger loans on social grounds —to favour small purchasers at the expense of large — their justification for endowment mortgage differentials is usually on commercial grounds. The argument is that an endowment mortgage is time-consuming to set up and harms their cash-flow because none of the capital is repaid until the mortgage is redeemed.

But the societies receive substantial insurance company commissions for selling endowment mortgages — and it is difficult to see why they benefit from early repayments of capital when they are earning an adequate return on the debt.

In fact, building societies have been highly successful in persuading their borrowers to take endowment mortgages, and give them extra interest and commission. Despite the abolition of life assurance premium relief in the 1984 Budget, which ended most of the investment advantages of an endowment policy, endowment mortgages continue to account for about 55 per cent of total building society lending. The income societies received in 1984 from insurance commissions came to £262m or 28p per £100 of mean assets, compared with only 15p 10 years ago. About half the income comes from endowment mortgages.

The new rules now being proposed as part of the regulatory structure envisaged in the Financial Services Bill may deter some of the hard selling of endowment mortgages by branch managers. In particular, they may have to pass a simple test and apply for a licence before they can recommend endowment policies.

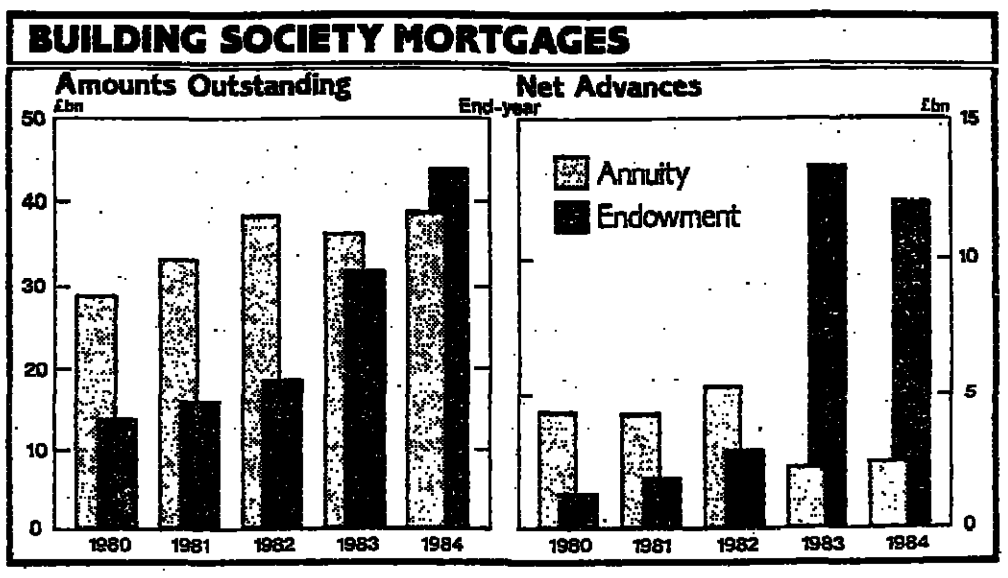
Another current consumer protection issue has been how the societies fix and publicise their interest charges. Since September, they have been obliged to quote the "true" Annual Percentage Rate of interest on their mortgages which takes into account all the initial charges and the timing of interest and capital payments.

However, a comparison of APRs between different building societies is of limited value to a potential borrower because all lenders have the freedom to push their rates up or down unilaterally. Traditionally, the building societies have exercised this power benignly. But as competition intensifies and margins are squeezed, some societies may well be tempted to sacrifice market share by raising their rates at least for their existing borrowers who find it inordinately expensive and complex to switch mortgages.

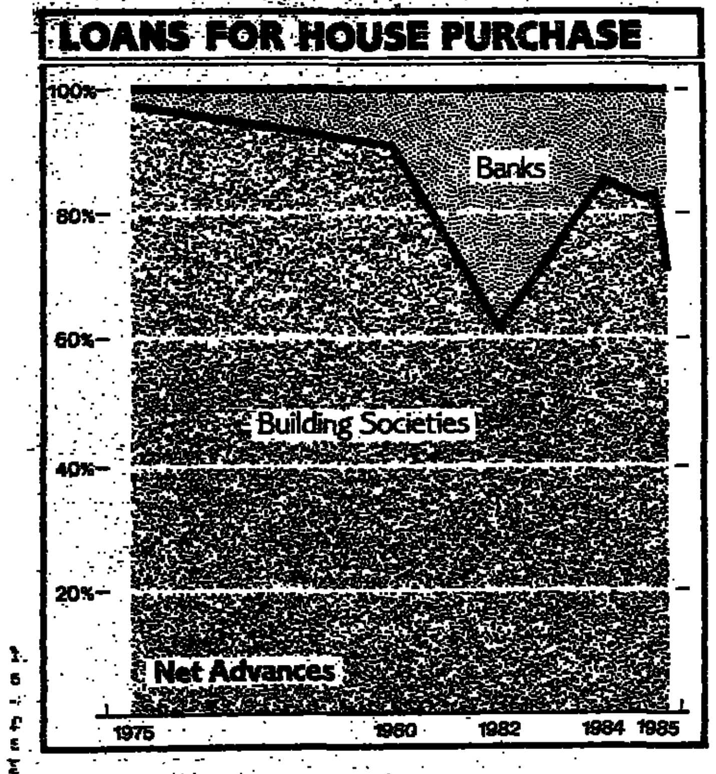
One reform to deter such abuse, proposed by the Consumers' Association, is to streamline the legal process so that mortgages can be transferred swiftly and cheaply.

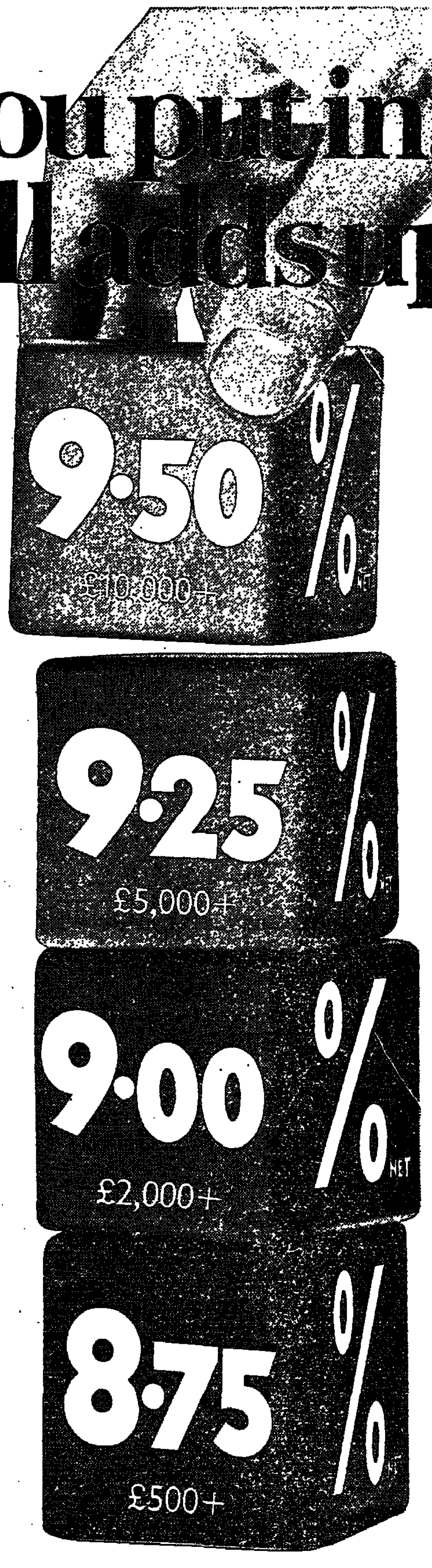
A more radical proposal would be to limit a lender's discretion to vary its interest rate. For example, a society could be required to offer either a fixed interest rate or a rate determined by a formula (for example, two percentage points over the banks' average base rates of the last three months or over the Retail Price Index). If they wish to retain a flexible rate, they would have to undertake not to raise it more than once every, say, 12 months. Any risk of a mismatch between assets and liabilities could be hedged by use of the interest rate options or futures markets.

Clive Wolman



Flats for sale. First-time buyers have been victims of increased competition in the mortgage market and a break up of the building societies cartel





The Opportunity to go Public

Intriguing options for the brave

ONE OF the major proposals in the new building society legislation would allow the societies to convert themselves into public limited companies and launch *themselves on the Stock* Exchange. This would mark a dramatic change in character for institutions born and bred in the traditions of mutual ownership.

But would they wish to undergo this transformation? And if so, how would they be received? Both these questions have begun to intrigue the City as the building societies come to be viewed as a potential source of new business. If a lot of them went public — which is unlikely — analysts could even construct a new building societies share index.

There are two obvious attrac*tions to going public.*

One would be to escape the restrictions of the new Building Society Act which would still limit societies largely to the traditional business of mortgage-making. Instead, a society going public would effectively become a bank; it would have to seek a banking licence from the Bank of England, and become subject to the Banking Act. Whether it would have to call itself a bank is not clear at this stage.

The other would be to tap new sources of capital to strengthen the balance sheet and finance growth at a time of mounting competition.

Although no building societies have yet said that they definitely intend to go public, many are undoubtedly looking closely at the question, and this analysis suggests that the most likely candidates would be those with ambitions to expand the scope of their business, and the scale of their activities.

The capital strength of the building societies is becoming a major issue. Although no one is suggesting that they are woefully undercapitalised, Mr Michael Bridgeman, the Chief Registrar of the Friendly Societies, advised them last year to concentrate on bolstering their reserves.

Relatively speaking, building societies have about half the *amount of capital underpinning* their assets as banks. While this might be enough for mutual institutions engaged in what has traditionally been a simple and safe line of business, it will look increasingly inadequate as com*petition mounts and societies* use their new powers to enter riskier banking markets like unsecured lending.

They also need new resources to finance the huge investments in new technology and equipment to protect the markets they have won in recent years.

Societies might be able to fund some of these capital needs by retaining earnings. But this appears unlikely. Accord*ing to calculations* by Mr Peter Toeman, analyst at Phillips and Drew, the society movement as a whole earned a pre-tax return on its assets that was only half as high as the Big Four clearing banks in 1984 (0.91 per cent against 1.79 per cent).

This makes it all the more likely that they will have to turn to outside sources of capital.

On the other hand, by going public they would also incur a new cost which as mutuals they do not have: paying dividends. This implies that they will have to improve their profitability by substantial margins to avoid appearing what, Mr Toeman predicts, could be "rather uninspiring investments."

The societies themselves are, not surprisingly, a bit more *optimistic.*

They point out that financial services are a fashionable area with investors at the moment, and most large UK banks have managed to raise billions of pounds of new capital in the *last year or two* without too much trouble. Interest in financial institutions has also been stimulated by the proposed flotation of the Trustee Savings Banks.

Mr Peter Birch, the chief executive of the Abbey National, the country's second largest society, pointed out at a conference last year that building societies are exposed to none of the bad debt *worries of banks, which have* lent to Latin American countries or shaky companies, and that this should earn them a higher rating among investors than banks.

He expected building societies to sell at substantially higher price-earnings ratios than banks, perhaps 10 or 12, compared to the banks' 7.5. This would put a value on the Abbey of £1.2bn to £1.5bn based on expected after tax profits of £125m in 1987. *If so, the Abbey* would rank among the Big Four clearers in market valuation terms. But City analysts doubt that valuations would be that high.

Building society shares might also enjoy a bit of speculative froth. Many banks, particularly foreign ones, are believed to be eyeing societies as possible acquisitions, and the change to PLC status could well be a prelude to a takeover bid.

There are provisions in the Bill to restrict single investors *to 15* per cent of a society's shares and prevent takeovers for five years after flotation. In a recent report which predicted that building societies will have a tough time in the years ahead, stockbrokers Quilter Goodison say this restriction could damage societies, especially those in difficulty. "It is doubtful that the society's members are best served by prohibiting a takeover until the society is prepared to admit *publicly* that it is insolvent."

Converting a mutual to PLC status also raises rather tricky questions about ownership. Fortunately, societies do not find themselves in quite the same anomalous situation as the TSB which were deemed to belong to nobody, but whose flotation plans were subsequently scuppered when a Scottish judge ruled they belonged to their depositors — like mutuals.

However, the societies have accumulated reserves which, in the case of the largest among them, amount to several hundred million pounds. How is the right to this wealth to be distributed? Should it go to every depositor? If so should some distinction be made between long-time savers and those who, *inevitably, would be* attracted to "stag" the flotation by becoming depositors for a brief while? The TSB intended to give preference in the distribution of shares to depositors—but only those who had opened accounts more than a year before the flotation.

It will take a brave building society to be the first to take the plunge in the face of so much scepticism in the City. But *if it succeeds, others are* bound to follow fast. It was not so long ago, after all, that many of the country's best known banks were still privately owned, but *who could imagine,* say, Barclays, becoming what it is using only its internal resources?

The capital strength of building societies is becoming a major issue. Although it is not suggested that they are woefully undercapitalised, the Registrar of Friendly Societies advised them last year to concentrate on bolstering their reserves.

David Lascelles

Liberalisation:

The US Example

A lesson in how to avoid shockwaves

THROUGHOUT THE industrialised countries, the retail financial markets are changing rapidly, and the same trends are apparent in most countries. The lines of demarcation between the various institutions are breaking *down.*

Specialist institutions are tending to adopt a wider role while more general institutions are seeking to encroach into areas previously the domain of specialists. Nowhere is this more true than in the housing finance market. These trends owe their origin to a number of common factors, including technology and deregulation.

In this area, as in so many others, the US has led the way, and the *Building Societies Bill* can be seen as a muted version of legislative measures enacted by the US Congress at the beginning of this decade.

The Earnings Crisis in the USA

About ten years ago, it was fair to say that the savings and loan associations in the US were very *similar to British* building societies. They were largely mutual, although even at this time there were some with a stock *form of* ownership. They raised their funds almost entirely from the retail market, and over 80 per cent of their lending was for house purchase.

However, there were also differences compared with the situation in Britain: in particular the associations, like American financial institutions generally, were largely confined to operating within individual states, and more importantly, they were not able, with a few limited exceptions, to lend other than at fixed rates of interest.

They therefore broke the cardinal law of banking by borrowing short and lending long, and the geographical restriction on *their operations left them* exposed to the effects of a change in local market conditions.

It was these last two factors that precipitated the deregulation of the savings and loan associations, even if they were not the ultimate cause. As interest rates rose rapidly towards the end of the 1970s, so the cost of funds overtook the yield on loans, and by 1981 the industry as a whole recorded a massive deficit.

This position worsened in 1982. One response was to permit the associations to offer variable rate loans, the major regulatory change being made in April 1981.

However, this was not sufficient to restore the thrift institutions, as they are now *commonly known, to health. In* 1980, the Depository Institutions Deregulation and Monetary Control Act provided for the phasing out of interest rate ceilings on deposit accounts and also the differential which the "thrifts" had enjoyed over the commercial banks.

This was little more than a recognition of reality, as the previously controlled rates had effectively been bypassed by institutions such as money market *mutual funds. The DIDMCA* considerably deregulated the industry and:

(a) Authorised interest-bearing chequing accounts.

(b) Authorised investment of up to 20 per cent of assets in consumer loans, corporate debt securities, and commercial paper.

(c) Eased or removed lending restrictions.

(d) Expanded authority to invest in service corporations *from 1 per cent to 3 per cent* of assets.

(e) Granted authority to invest in mutual funds, to issue credit cards and to engage in trust operations.

The combined effect of this and the introduction of adjustable rate mortgages was not nearly sufficient to counteract the draining effect that existing low interest rate loans was having *on the* profitability of the associations, and in 1982 came the *far-reaching Garn/St* Germain Depository Institutions Act. Among the main provisions of this were:

(a) The authorisation of new forms of savings account.

(b) Capital assistance for institutions with deficient net worth.

(c) Expanded authority to invest in consumer, commercial and agricultural loans and other investments.

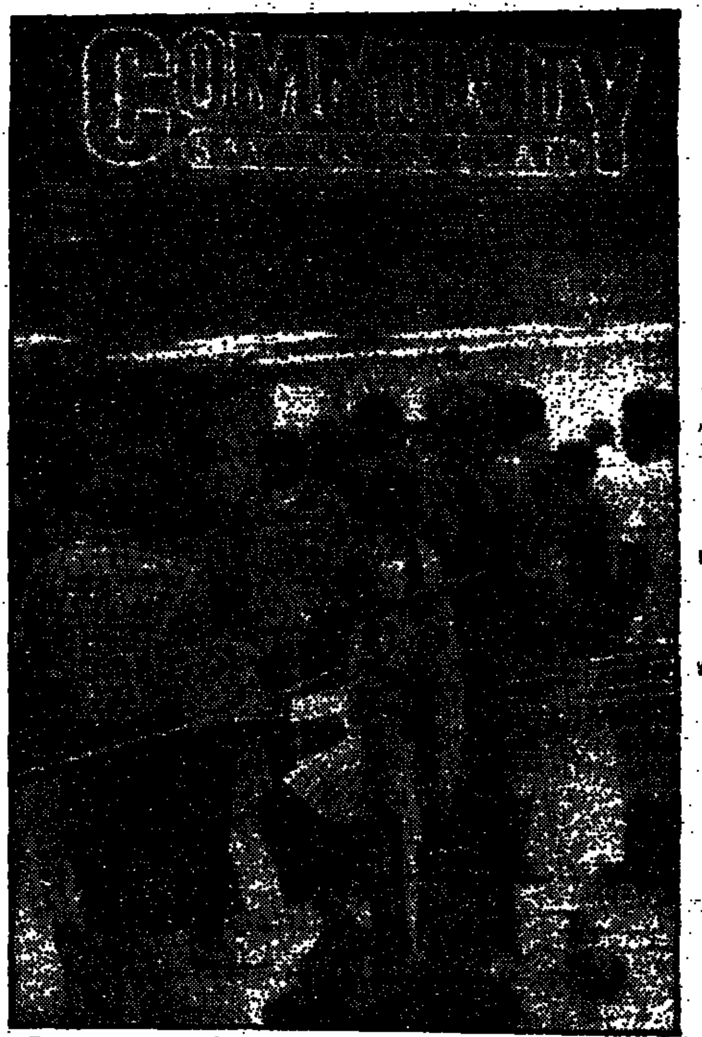
(d) The removal of loan to valuation ratio limits and the restriction to lending on first mortgage.

(e) The permitting of investment in tangible personal property for lease or sale up to 10 per cent of assets.

A major consequence of the legislation, together with the earnings crisis, was that most savings and loan associations converted to the stock form of ownership, which was made considerably easier under the Garn/St Germain *legislation.*

Almost all of the large thrifts are now stocked owned, and most have adopted the new Federal *Savings* Bank charter, which gives them even greater investment powers.

The thrift industry is now enjoying its most profitable period for years, and most associations have relatively healthy balance sheets, although this can partly be attributed to some imagina*tive accounting techniques.* However, while deregulation has helped some institutions survive, for many others it has led them down a dangerous path, which has resulted in massive losses.



Customers stand in line at a branch of Community Savings & Loan in the US, after a real estate sub*sidiary defaulted* on payments due on mortgages and mortgage-backed securities

Inexperienced, and in some cases dishonest, *management,* has taken advantage of the more liberal framework, and many bad loans have been made and unnecessary risks taken. The largest savings association in America, owned by the Finan*cial Corporation of America,* probably continues in existence only because it is too big to be allowed to fail. Smaller institutions have failed, with the resultant heavy cost to the Federal Savings and Loan Insurance Corporation, which insures deposits 100 per cent up to $100,000.

Lessons for the UK

It is easy to misinterpret the American experience, and already it has been said that in *the US deregulation has* resulted in disastrous consequences for the thrift institutions and for the housing market. This is the opposite of the truth. Deregulation in the US was essential, because the thrift institutions needed wider powers in order to survive.

Because the introduction of the adjustable rate mortgage had been so long delayed, when deregulation came, it went too far for management in many Associations, hence the problem.

Had the necessary deregulation steps been taken at an earlier stage, then it might have been possible to ease the transition into the new market environment.

There is, therefore, much to learn *from the American* experience in a negative, rather than positive way. Deregulation must come at the right time, rather than wait for crisis to force *reform.* In Britain this has been done.

The Building Societies Bill is the result of several years of extensive debate and consultation, not only within the building society industry, but also in a much wider field. If enacted, the Bill allows a modest expansion by building societies in new areas, subject to necessary prudential constraints.

The regulatory system is to expand to accommodate the new powers *which building* societies will have; again, avoiding a mistake which occurred in America.

Generally, the American experience is instructive, *showing* what happens when an obviously untenable position is allowed to be maintained for too long. When deregulation came, it was too hurried, ill-considered, and in some respects went too far; hence current arguments about reregulation. None of this applies in the UK.

The lessons of the American experience have been learned, and indeed have been closely studied. The shockwaves that have hit the American savings association business over the past few years will, if nothing else, have contributed to sounder legislation *for* British building societies.

Mark Boleat

Mark Boleat is Deputy Secretary General of the Building Societies Association.

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Building Society merger proposals

BUILDING SOCIETY MERGER PROPOSALS 1984-85 (with assets of over £100m)

Larger society	Assets	Smaller society	Assets	Outcome
Woolwich	£4.5bn	New Cross	£153m	Completed March 1984
Coventry	£659m	Heart of England	£282m	Called off February 1985
Leeds Permanent	£5.9bn	Leeds and Holbeck	£508m	Called off March 1985
Ramsbury	£162m	Western Counties	£126m	Completed August 1985
Alliance	£3.2bn	Leicester	£2.95bn	Completed October 1985
Sussex Mutual	£169m	Citizens Regency	£119n	Completed October 1985
Nationwide	c£10bn	*Woolwich*	c£7bn	*Called off November 1985*
Sunderland and Shields	£275m	North of England	£130m	Announced August 1985 pending
Midshires	£920m	B'ham & Bridgewater	£575m	Announced Dec 1985 pending

Mergers

Problems at the altar

THE DRAMAS of the past year appear to have convinced building society chiefs that at least in this decade it will not be possible to build up through mergers a mega-building society to challenge the dominance of the Halifax and Abbey National.

The number of marriages, courtships, engagements, breaking of engagements and rejections in the movement reached a peak as the societies jostled for position in anticipation of the new powers to be granted to them by Parliament.

The pressure continues on the smaller societies to agree to merge with larger ones as it has done throughout the last 70 years. But the decision in November to call off the merger of the Nationwide and Woolwich building societies after 12 months of negotiations has highlighted the difficulties of persuading the managements of any of the largest societies to merge.

In terms of cost savings, mergers between larger societies do not have a good record. Among the largest 20 or so societies, there is no correlation between size and the ratio of management expenses to assets, which is the usual criterion of efficiency. Even among the other 150 societies the link is not very clear, except for the 50 or 60 smallest ones whose expense ratios are much higher.

What is more, those larger and middle-ranking societies which have merged in recent years have rarely succeeded in improving their management expense ratios. The disruption of a merger usually leads to a deterioration in the first two years after which at best the merged society returns to its original expense level.

The potential savings from rationalising a branch network and cutting staff often fail to be realised. Opposition from the staff associations to the merger of the Alliance and Leicester societies to form the fifth largest society in October forced the management to make commitments which now limit their freedom of action.

The Woolwich and Nationwide estimated that five years after the merger, their staff wages would be about £10m or 10 per cent lower while the number of branches of the merged society could also be cut by about 10 per cent. But the total savings would still have only a small impact on their expense ratio.

Another expected saving of the Woolwich-Nationwide merger was through the pooling of computers. Smaller societies have the option of time-sharing (with computers) and point ventures (for example, with cash dispensers) to reap the benefits of new technology. But the *slowness of decision-making in* the cash-dispenser consortiums shows the drawbacks of this approach.

The provisions of the new legislation will generally add to the economies of scale and the advantages of mergers. The statutory investor protection scheme guarantees investors only 75 per cent of their money if a society collapses, thus increasing the risks of investing in smaller societies. In addition the smallest societies will be prohibited from moving into the new areas.

As the other societies plan their new strategy, perhaps the most important constraint will be the lack of management resources, particularly among the smaller and medium-sized ones. When the societies were *shielded from competition and* difficult pricing decisions by the interest rate cartel and government monetary restrictions, the job of managing a building society was a simple one. It was nearly always entrusted to an employee who had worked his way up through the ranks.

Only in the past few years have societies started to recruit managers systematically from the accountancy and other professions or from private sector management. The largest society, the Halifax, emphasises its wide-ranging in-house expertise and management skills which cover all its activities from market research, business information and computer systems to housing initiatives.

But whatever the long-term benefits of pooling management resources after a merger, in the short-term its implementation demands an inordinate amount of management time. According to Mr Scott Durward, chief general manager of Alliance and Leicester building society which merged in October: "I am relieved that our merger was completed well before the new legislation comes in. To have two competing areas of attention will put a lot of strain on any societies that try and merge over the next year."

Marketing offers similar potential economies of scale. National advertising, in the Press or on television, is far more cost effective if the society has a sufficiently wide branch network to tap the public interest it has aroused. The Nationwide *and* Woolwich planned on cutting their joint advertising budget by 25 per cent if they had merged — and still expected a better response than at present. The importance of advertising will increase, when societies launch new products and *services from next* year.

Size will be a decisive factor in a society's ability to move into non-traditional activities because of the statutory limits on the assets that they may deploy.

A society will be allowed to *devote only* 5 per cent of its "commercial assets" (excluding liquid assets) to non-mortgage activities, of which unsecured lending is likely to be the most popular. But after allowing some leeway for overdraft facilities, even a society as large as the Woolwich, Leeds Permanent or the Alliance and Leicester will have only about £250m available. Although this will allow the societies to cream off the most creditworthy customers, a personal loan operation requires much greater volume to be fully cost effective.

Whatever benefits it may offer, the mutual status of building societies has made the enthusiastic agreement of both managements a pre-requisite for a merger. Although the Building Societies Bill allows for hostile merger proposals to be made over the heads of a dissenting management, most managers will in practice retain a veto.

Even agreement at the top about the allocation of jobs and seats on the board is not sufficient. As the failure of the Nationwide-Woolwich talks showed, the divisional managers also have to be persuaded to work together. The ultimate coercion which arises from the change of ownership in a stock market take-over is lacking in a building society merger. The larger the merger, the larger the number of potential vetoes.

Clive Wolman

Unsecured lending

Looking to lift limit

FOR THE first time in their 140-year history, building societies are to be allowed to enter the highly profitable unsecured loans market.

Under legislation due to come into effect in 1987, societies will be able to direct up to five per cent of their assets towards unsecured lending or buying subsidiaries, such as estate agents, insurance and securities brokers.

This freedom will not extend to all societies, however. A minimum commercial asset requirement of at least £100m is likely to be necessary before a society may embark on activities other than mortgage lending.

Only the largest societies will thus be moving into these new areas, with a limit of £5,000 on individual unsecured loans. Still, the building societies hail the forthcoming legislation as "dramatic," giving them a long-awaited chance to compete effectively in the financial services sector.

The carrot of unsecured lending could result in a spate of mergers, as societies seek to achieve a qualifying asset base.

Those societies for which size is not a problem — the Abbey National (assets £18.1bn) for example — express reserva*tions over the* insufficiency of the amounts they will be allowed to lend. "While the high risk nature of unsecured lending means that it is not a bad thing to have that limitation initially, we would hope that a 5 per cent limit would not apply for very long," says the Abbey National.

The Abbey is excited enough about events to have placed Mr Brian Fermin, ex-head of the marketing department, in charge of a new unsecured lending division. Yet all the societies, including the Abbey, are extremely cagey about their exact plans.

They feel that, so far, they have had to compete with their hands tied, and are critical of the length of warning the run up to the enactment of the new legislation has given to their competitors.

But if there is a sense of grievance at past Government handling of the issue, there is also a *great deal of enthusiasm* among the larger societies at the prospect of unsecured *lending.*

The major societies are quick to acknowledge their need for fresh expertise in this traditionally high-risk business. At the same time *they stress* their approach will be essentially cautious, lending to those borrowers who have proved reliable in the past when it comes to meeting loan repayments.

The Leeds Permanent is investigating the customer base potential of first-time buyers in particular, those often looking for finance for purchasing house contents, such as carpets and *furnishings. Cross-selling to* existing first-time buyers is seen as a way of lowering risk and gaining a foothold in the market.

How much the societies will lend in the early days of offering an unsecured lending service will depend very much on how the market unfolds. "If the Abbey National were to lend its full 5 per cent limit in the first year, then on current growth projections it would amount to about £1bn. We would not want to do that" says Mr Fermin.

Bad-debt provisions represent the other face of highly profitable unsecured loans. According to one major society, these provisions can range from 1 per cent to 4 per cent of total loans, depending on which slice of the market the building society chooses.

Another major society, however, says "we've doubled the bad debts we estimate are faced by the banks on such lending and it still looks profitable. There are a lot of very sophisticated credit-scoring systems around to enable us to control the volume of bad debt."

Choosing very carefully to whom you lend is one way of trying to avoid bad debt, but building societies are likely to offset a certain amount of risk against the chance of a wider customer base. The Bristol and West, *among the top 15* building societies in terms of assets, suggests that societies could stand to benefit from customers who have traditionally turned to hire-purchase for their con*sumer credit.*

Hire-purchase is by far the most expensive form of borrowing, with interest rates 10 percentage points or more above bank personal loans. Yet, as building societies point out, banks have been able to charge on average an annual percentage *rate (APR) of 20-22 per cent* at a time when inflation is about 6 per cent. If they can get away with such a high real rate of interest, the argument goes, there must be considerable room for manoeuvre.

The smaller societies are extremely cautious about a possible venture into the unsecured lending market. Mr Terry Adams, chief executive and director of the Skipton Building Society, says: "At the moment, it costs us just 85p to run every £100 of assets. Unsecured lending would mean it would cost us £8.50 to manage the same *amount.*"

Few other societies are willing to give such a breakdown of figures, and all are extremely wary of unwittingly helping the competition along. However, plans for unsecured lending are clearly being nurtured, as most comments by the societies *eventually come round to a need* for flexibility in the upper limits on such lending, and the general diversification of building society activity.

The Bristol and West, which has already put its toes into the water with personal loans to its existing borrowers, suggests that most requests for unsecured loans will fall between £500 and £5,000.

Other societies stress that while an upper limit of £5,000 on individual unsecured loans is a reasonable starting point, the overall limit of 20 per cent for all activity *other than primary* mortgage lending restricts long-term flexibility.

"The draft legislation does not yet produce a level playing field with the banks in this area," says one of the largest societies.

Dina Thomson

Supervision

Regulation takes on a higher profile

Mr Michael Bridgeman, Chief Registrar of Friendly Societies, has been prodding societies for changes in advance of the more radical reforms and innovations to be permitted from the beginning of next year

MR MICHAEL BRIDGEMAN, after serving as a Treasury civil servant for more than a quarter of a century, now has the task of supervising the greatest upheaval in the building society movement since its foundations in the 19th-century.

What was a narrowly based, low-profile legal position when he took over as Chief Registrar of Friendly Societies in December 1981 is now being transformed into a role similar to the Bank of England's supervision of the banking sector.

His appointment, when he was serving as under-secretary at the Treasury, was itself a novelty. *Previously, the* Registrar had always been a barrister, backed by what was essentially a legal department. But a report proposing legislative reform was then being prepared by the societies as part of the trend towards financial de-regulation.

The outcome is the Bill now passing through Parliament which will allow the societies to offer many new services and will transfer the Registrar's responsibilities — and a new set of powers — to a Building Societies Commission which Mr Bridgeman is to head.

"I expected this would be an interesting period to become involved," he says.

Nevertheless, he emphasises that the period of change in the supervision of building societies began eight years or so before he took office, when the Government first required them to file monthly rather than annual returns.

But Mr Bridgeman has made further reporting requirements on building societies. For the first time, a society has to file a "revenue return" — effectively a profit and loss account. This was prompted by the gradual disintegration of the societies' interest rate cartel since 1981 which has made particularly the smaller ones vulnerable to the full forces of competition.

"*The cartel made it difficult for societies to make a revenue* loss except by complete incompetence, and so revenue returns were not necessary," Mr Bridgeman explains.

Mr Bridgeman has been prodding the societies to accept these changes in advance of the more radical reforms and innovations to be permitted from next year by the Building Societies Bill. "From a supervisory point of view, gradual evolution is preferable to sudden change," he states. "And no change can be just as dangerous. It creates all the pressures in the market which build up to a sudden change."

Most of his time over the last few months has been devoted to the details of the Bill which was published in December. The powers it will give to the societies to enter non-traditional markets and services are to be strictly limited. Monitoring the *societies' compliance with* these limits will add substantially to the administrative burden on Mr Bridgeman and his staff.

The restrictions are being imposed not only for prudential reasons but also, supposedly, to preserve the traditional character of societies. Mr Bridgeman distinguishes between prudential limits and "nature limits," the constraints which an institution must accept if it wishes to remain a *building society.*

For example, the requirement that a society may commit no more than 5 per cent of its total lending to unsecured consumer loans and other activities such as property development and house-buying services is, says Mr Bridgeman, primarily a prudential requirement. By contrast, the 10 per cent limit on commercial and second mortgage is more "a nature limit" —as such lending may well be no more risky than lending on a first residential mortgage.

Similarly, the 20 per cent limit on the funds a society may raise from the wholesale money markets rather than from individual depositors is viewed as a "nature," rather than prudential, limit. The Registry/Commission has to approve an individual limit with each society. For a society with no previous experience the first limit is likely to be 5 per cent—with the prospect of rises to 10 and 15 per cent later.

Mr Bridgeman accepts that the use of wholesale funding—and the use of futures markets to hedge interest rate risks—may in principle be less risky than relying on money from individual depositors which is becoming increasingly volatile. "But the risks are only less if you have the management capability to use these markets properly to reduce them," he says. "You need competent management of your maturity *profile in the wholesale market.*"

His staff are taking courses on assessing the benefits and risks of using financial futures and money market instruments. They will also be drawing heavily on the experience of the Bank of England's supervisory department and of the US savings and loan associations in their supervision of the societies' new borrowing and lending powers.

There will be three main areas of concern to Mr Bridgeman when the societies begin to use their new powers: inadequate management and administration, inadequate understanding of the risks and inadequate capital. "Some of the new ventures are bound to go wrong," he says. "But the rule is: you shall not take risks you cannot afford."

The societies' lack of capital reserves has been a major source of worry for Mr Bridge*man. In his report for 1983 and* 1984, published in October, he said that the societies' reserves —which average 4 per cent of total assets—and the liquid assets would not be sufficient to allow them to move into the new areas. He criticised in particular the fall in their additions to reserves ((" after-tax profits ") from 0.88 to 0.66 per cent of average total assets in 1984.

In deciding what level of reserves a society should be required to build up before *moving into the new areas,* the Commission will have a wide area of discretion.

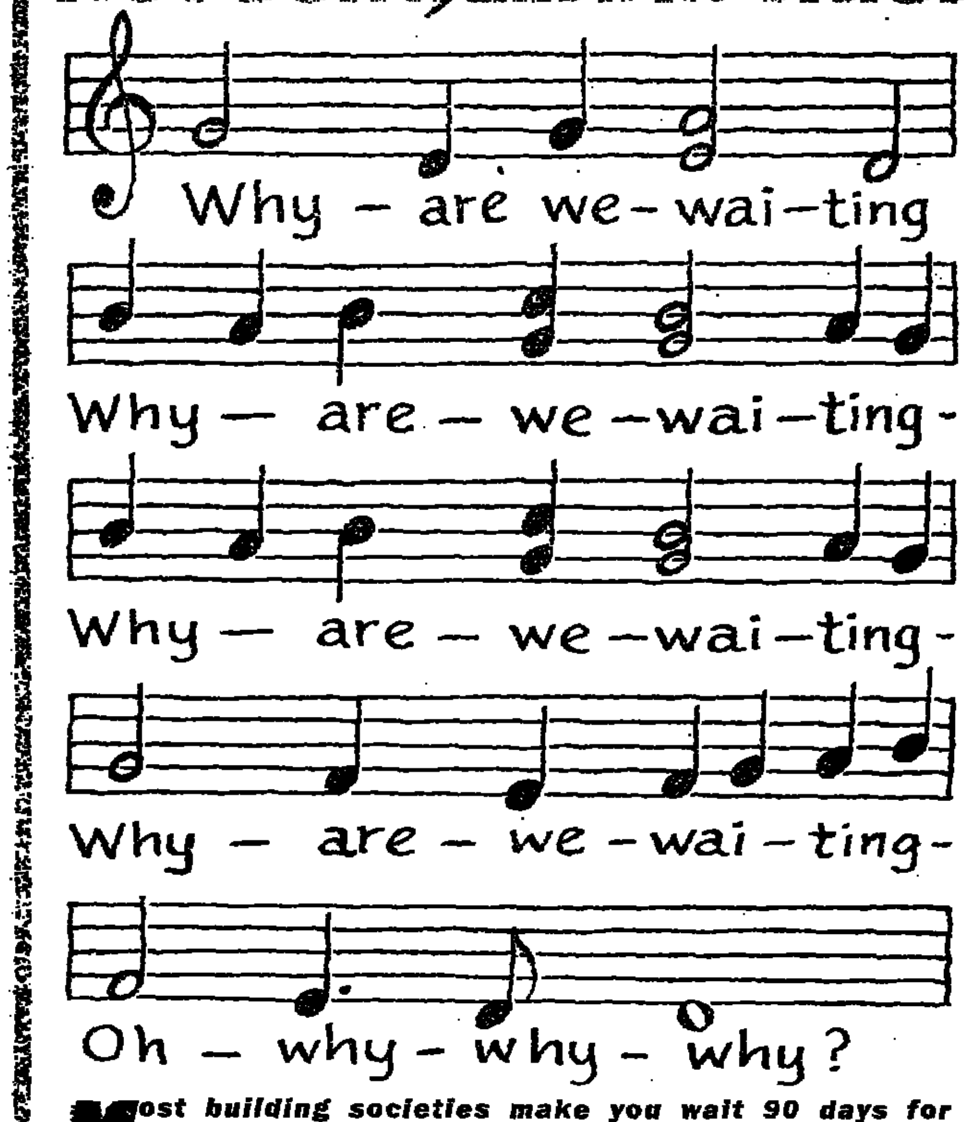
If, for example, a building society is planning to make unsecured loans only to house purchasers, who are also its mortgage customers, to enable them to buy carpets and furniture, the minimum capital reserve requirements may be close to the present average 4 per cent reserves to assets ratio. But if the society wishes to go into traditional finance house markets by giving loans to car purchasers off the street, the requirements will be much stricter.

The Commission will have more powers to specify what systems of internal control, inspection and management in*formation societies should adopt* and to require auditors to report lapses.

The Commission will also differ by having more staff and resources, by including part-time members from the private sector, including Mr Herbert Walden, a former Building Societies' Association chairman, and by being vested as a body with many of the powers *currently* granted to the Registrar as an individual.

Mr Bridgeman has occasionally found unwelcome the high profile accorded to him as Registrar, because of his direct personal accountability. He found particularly stressful making the decision to close the New Cross building society in 198 because of management lapses and the subsequent publicity.

But, at the age of 54, he is expected to remain as First Commissioner until his retirement date from the civil service in 1991. By then, it is hoped the dust will have settled.

Clive Wolman

WEEKEND FT REPORT 6

Wholesale Funding

Advantage to lending opportunities

THE building societies' new found freedom to borrow in the wholesale money markets has done more than anything else to turn them into lending institutions rather than mere deposit takers.

The power to borrow large sums of money quickly and flexibly will also enable them to take advantage of new lending opportunities.

The original idea of building societies as homes for savers' funds rather than as financiers of home purchases has been turned on its head. Only a few years ago mortgage queues were common in times of savings shortages. Now the societies which have access to wholesale funds need never again limit the amount of mortgages they write.

Further, the competition for retail deposits has pushed up the marginal cost of such funds substantially and now wholesale sources of funds are often cheaper as well as easier to raise. The cost of administering these borrowings is much lower. Thus access to wholesale funds could even allow mortgage rates to fall slightly.

The fact that the larger societies have much better access to the wholesale markets than their smaller counterparts will also further the separation of sheep from goats within the movement — giving the bigger ones a sharper competitive edge — and may add towards pressures on societies to merge.

The chart accompanying this article shows the increasing use of wholesale funds by the societies, culminating in a record £3.1bn raised in 1985 from these sources. Of this £917m came in December, according to the Building Societies Association.

Net receipts from retail savers totalled £7.1bn in 1985, down from £8.6bn in 1984. The importance of these wholesale funds was demonstrated early this year when societies were able to resist a rise in mortgage rates because of the high levels of liquidity produced by the wholesale borrowings.

It is only in this decade, though, that the societies have had access to wholesale funds. Indeed, it was only in 1983 that changes in the regulatory and legal framework allowed the societies to make proper use of wholesale markets.

Until then they were unable to pay interest free of tax. Lenders in the wholesale markets are generally not prepared to accept net of tax payments.

The Finance Bill of 1983, published in March, allowed societies to pay interest gross on certificates of deposit (CDs) with a maturity less than one year. In May the first building society CDs were issued.

In practice only the largest societies have been able to issue CDs. While there is not a fixed limit on which ones should be allowed to do so, there is a restriction that only CDs issued by societies with assets of more than £2bn can be bought by other societies.

Smaller societies, however, have been able to tap the wholesale markets through time deposits. Again the one year maximum maturity restriction is applied.

Even more recently societies have been making much greater use of their ability to borrow from the banks and pay interest gross. Syndicated loans and facilities have become more widely used in the last year.

Although the major societies have announced some of their deals to the world, the list of those who have arranged facilities privately extends way down the size range. Butler Till, the money brokers which has realised the importance of this market to the building societies, has privately arranged facilities totalling £600m with a number of societies.

Since last autumn, yet another method of tapping the wholesale markets has become available, through the Eurobond market. This has been of particular importance because it allows societies to borrow longer maturities more akin to the average life of mortgages.

The move required another legislative change, this time to allow interest to be paid gross on these bonds which have a life of over a year. The change will come into effect in April this year and the Eurobond issues made so far will not pay their first coupons until after that date.

These Euromarket issues have so far been in the form of Eurosterling floating rate notes, where the rate of interest is reset regularly with reference to money market rates. As yet it is not clear whether building societies will be able to make issues in other currencies and swap the proceeds into sterling.

Again this market is really only open to the top name societies at present. Lenders in the Euromarkets are generally international banks, many of which have little knowledge so far of the building society movement.

However, they do recognise that the societies are top quality credit risks, because of their structure, the limitations set on them and the fact that they are monitored by the Registrar of Friendly Societies.

Most of the issues which have come so far will pay a margin of ⅛ per cent over the London inter-bank offered rate for sterling deposits. This reference rate is the one most used in setting the interest societies must pay for their wholesale funds, and in recent years has often been lower than the maximum cost of retail funds on a gross basis.

The competition for retail funds has persuaded societies to launch all sorts of high interest accounts. And the sophistication of savers means that deposits can be rapidly switched to higher rate accounts. So the cost of raising extra funds from retail savers is very high. The use of wholesale funds can thus reduce the societies' average funding cost.

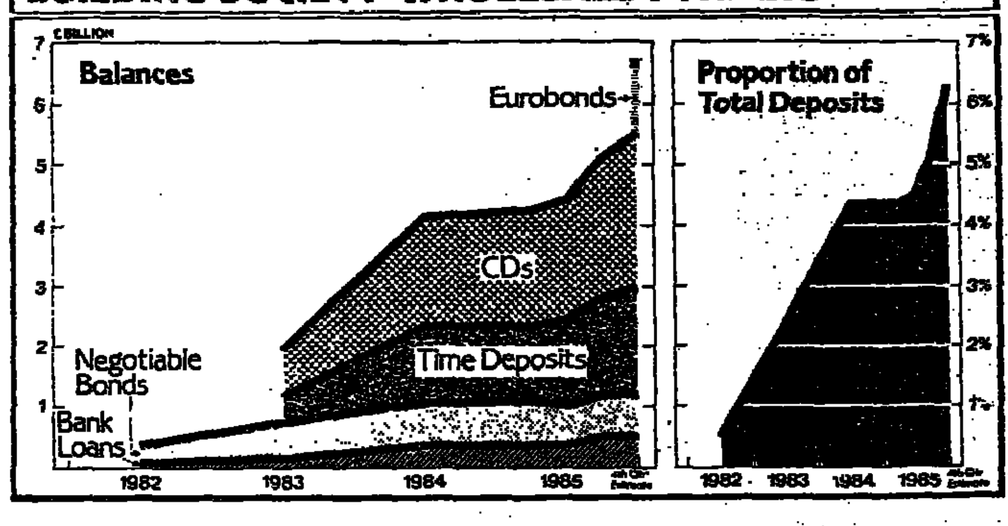
So far only a limited use has been made of wholesale funds. Societies must discuss the initial use of such funds and the extension beyond 5 per cent of their liabilities with the Registrar. However, this is changing and a new limit of 20 per cent, with the Registrar having the freedom to authorise up to 40 per cent, is being introduced. Some in the industry believe that even this 40 per cent will prove too low a barrier.

The use of the wholesale market to raise funds has contributed to the enormous changes which are sweeping through the building society movement. Quick and flexible access to cheaper and longer term funds means that societies can function far more readily as suppliers of finance to house buyers.

But there could be even greater changes to come. Some bankers expect a market to grow up in the sale of mortgages. Building societies could become originators and administrators of mortgages. Working through their branch networks they could find house buyers, lend to them (and provide them with other financial services), and collect mortgage payments, but not hold the mortgages on their own books. By selling mortgages, probably in quite large packages, they could raise further funds to provide yet more home loans. This has yet to happen in the UK, but it is a distinct possibility in the near future.

Maggie Urry

BUILDING SOCIETY WHOLESALE FUNDING



The fact that the larger societies have much better access to wholesale markets than their smaller counterparts gives the giants of the sector a sharper competitive edge. The gap between major and smaller players could therefore increase and may well raise pressure on societies to merge

Securitisation of Mortgages

Rich field for bright ideas

"SECURITISATION" has become quite a buzzword in the mortgage business — partly because financial institutions the world over are looking with keen interest at ways of turning the solid old-fashioned loan into an asset that can be traded. It helps loosen up the loan portfolio and — hopefully — generates a few extra fees on the side.

But the possibility of securitising the £120bn UK home loans market has attracted special interest because of the upheavals the building societies are going through — and the huge market in mortgage securities that has evolved in the US.

Whether this means the UK is about to get a securitised mortgage market is still a moot point, though there have been several initiatives in the last year or two, notably the launch of the National Home Loans Corporation (NHLC) last September as a way for people to invest in mortgages.

A securitised, or secondary mortgage market would centre on dealing in either packages of mortgages assembled by a wholesaler, or the securities of corporations specially set up to buy mortgages off banks and other institutions — or most likely both.

There are many arguments for a securitised mortgage market, though one of the most common in the US (that it helps shift funds from parts of the country with a surplus to those with a shortage) does not apply in the UK, with tis tight-knit banking and building society system.

There are two major factors in the UK.

One is the strong desire of banks (particularly foreign ones), insurance companies and other investors without their own retail outlets to get into the mortgage business. This urge has been triggered by the attractive yields on mortgages now that they carry real rates of interest since the break-up of the building society cartel. As assets, mortgages are also virtually risk-free: the default rate is tiny and the security solid.

The other factor is the growth of interest in the City in inventing new ways of bringing together would-be investors in home loans and borrowers.

The City has been specially eyeing the big bundles of mortgages held by local authorities as a result of the surge in council house sales.

The recent acquisition by Hambros, the merchant bank, of Bairstow Eves, the UK's second largest estate agents, also holds out the prospect that Hambros will engineer ways of financing the £300m worth of mortgage business which Bairstows originates each year.

Some two years ago the Bank of Scotland (BoS) began organising syndicates of mainly foreign banks into mortgage pools. The BoS makes the mortgages and then sells them on to the participants. So far, it has arranged five syndicates totalling over £300m.

Although this is not securitisation, it highlights likely players and the level of demand. However the scheme has encountered problems: BoS has been squeezed between the static mortgage rates it receives from its borrowers and the rising money market rates which determine what it pays the syndicate. So terms may have to be changed.

Another pioneering effort by Bank of America (BoA) has shown up a second problem.

BoA set up a specially funded £50m company as a mortgage vehicle. But there were questions about the extent to which BoA had really shed responsibility for whatever losses it incurred, and this has discouraged others from following the same route.

True securitisation of mortgages only began with the NHLC, which sold the investing public £50m worth of shares and loan stock last September and is now moving into the business of acquiring mortgages from originators, mainly local authorities.

So far, the NHLC has taken on about £5m worth, and is working to raise this figure by circulating proposals to more originators.

Richard Lacy, the chief executive, declines to say what targets the company has set, but he describes himself as highly encouraged by the response he has had so far. "About 40 per cent of the householders we approach have agreed to transfer their mortgages to us," he said. "I would have been satisfied with 25 per cent."

Although the NHLC's operating costs are much smaller than the building societies', enabling it to charge about ¼ per cent less than the standard rate for mortgages, it is nevertheless somewhat at the mercy of the rate set by the building societies, like the Bank of Scotland, it is liable to get squeezed when money market rates rise. This problem might be resolved by linking the mortgage rate more closely to money market rates.

The NHLC has not made any money for its investors yet. Compared to the issue price of 50p, its shares fell as low as 36p at the end of last year, before recovering to a recent level of 45p. Analysts say that this is because until the NHLC has built up a large mortgage book, it will be worth only the discounted value of its cash pile.

Since the NHLC launch, Kleinwort Benson, the UK's largest merchant bank, has taken a different tack. It has proposed a Mortgage Funding Corporation (MFC), which mortgage originators can use to sell off their loans. Unlike the NHLC which is a publicly quoted company, the MFC is, Kleinwort's words, "a utility."

MFC will take in mortgages of all shapes and sizes, and fund its book by issuing its own debt securities in the capital and money markets. In order to "homogenise" all its loans into standard terms acceptable to the funding markets, the MFC will insure them against default. This should also get round the Bank of America problem by releasing the originator from any obligation, moral or otherwise, to stump up the money if one of its borrowers defaults.

Under the terms on which the MFC will be set up, Kleinworts would be paid for managing the utility, and the originators would get both a fee for administering the mortgages (ie, setting them up, collecting the service payments) and a trickle of interest from them.

There are loose ends to tie up, and the venture may not be launched before the spring. But Kleinworts is willing to put up the first £100m in funding to get it going.

None of these proposals, however, quite matches the Ginnie Ma-type securities so popular in the US, which are mortgages which have been repackaged and "passed through" to investors. In the NHLC case, investors are betting on management's ability to make a profit from a mortgage book, while the MFC is a convenient way for originators to sell off their mortgages to a purpose-built institution which can fund itself on fine terms.

It may be that instead of US-style securitisation, the UK will end up with a home loan industry split between those who originate mortgages at the retail level and administer them (such as estate agents, local authorities and banks) and those who invest in them wholesale and actually provide the money. But this is a rich field for bright ideas.

David Lascelles

There are many arguments for a securitised mortgage market in the UK, and there have been several initiatives in the last year or two.

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Liquid Assets

Set to play a prime role in markets

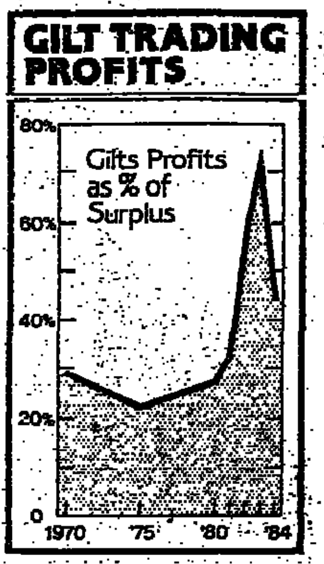
"BUILDING societies were saying to us that they would never buy a gilt again," recalls one stockbroker about the Government's decision in 1984 to ban building societies from undertaking time-honoured tax avoidance ploys in the UK government bond market.

The fact that the same loopholes were eliminated for all other investors a year later, in February 1985, was probably of little consolation to the societies, which had for long been able to earn above-market yields from gilts without being forced to actively trade them.

In fact, societies have not turned their back on the market. But the proportion of other investments in their portfolios has increased, and they have also become more active gilts traders. The Government's tax changes have forced them and other tax-paying investors to view gilts as simply one of a competing range of investments.

Liquid assets — money invested in easily realisable investments such as bonds and bank deposits — make up about 17 per cent of building societies' portfolios. The proportion has declined from about 20 per cent in the past few years, partly reflecting the greater sophistication of financing techniques which enable societies to manage their liquidity more precisely.

GILT TRADING PROFITS



Access to wholesale funding markets means that societies faced with a sudden surge of demand for mortgages can raise money quickly and cheaply, without having to draw on liquid assets. Therefore a smaller amount needs to be kept for such contingencies.

More than half of the liquid assets are invested in the gilts. Partly because societies want to match the fluctuations in yield to changes in the cost of their liabilities, almost all their investments are at the short end of the market, in gilts of one to five years' maturity.

At the end of 1984, societies had mortgages outstanding of £83bn, and liquid assets of £19bn. Within the latter total, £10.8bn was invested in gilts, of which only £520m was in securities of more than five years.

Until 1984, building societies and other investors got a free ride from the gilt market through a market play known as bond washing, or dividend stripping. Gilts were bought at prices including no accrued dividend, and sold just before dividend payment, when prices were full of accrued dividend.

This enabled resulting gains to be treated as capital gains, and not as income, thus gaining more favourable tax treatment.

But the game did not end there. Capital gains become non-taxable if the investment is held for a year and a day. This could be achieved via a special dealing facility on the Stock Exchange, through which investors could trade bonds either cum- or ex-dividend for three weeks prior to the dividend payment date.

Investors could thus buy gilts "special-ex"—before the dividend date, but at a price not including accrued dividend. They could then hold them for a year and a day, and sell them at a price including accrued dividend, and pay no tax.

This technique enabled societies to earn a much-enhanced yield with ease. A 12 per cent stock might effectively earn them over 14 per cent. So there was little need to worry on a day-to-day basis about the competitiveness of gilts compared with other investments, or of one high-coupon stock by comparison with another.

All that has changed. The Government clamped down on societies' gilt trading in 1984, effectively taxing their gilt gains as income, albeit at a favourable rate of corporation tax. By now, even that advantage has been removed by cuts in corporation tax for other taxpayers.

The Government's decision, followed last year by the decision to ban bond washing completely, eliminated the tax loophole and forced societies into a rapid reassessment of their portfolios. Mortgages became their highest-yielding investment, and money market investments became more attractive in relative terms than they had been.

There were only small net changes in gilt investments in 1984, but societies became net sellers in the middle quarters of last year, probably because there were profits to be taken from the market's advance from lows seen early in the year, and because there was gathering caution about prospects for the rest of the year.

Societies, which had been net buyers of gilts in the first quarter to the tune of £453m, sold a net £205m in the second quarter and £596m in the third quarter.

Meanwhile, their bank deposits dropped £1.5bn in the first quarter in line with similar movements in the first quarters of previous years. But they then rose £757m in the second quarter and £1.5bn in the third, both movements which were well in excess of gains in the same quarters of recent years.

Mortgages have grown particularly fast, at between £3bn and £4bn per quarter, throughout 1984 and 1985.

More than that, building societies have had to trade their gilt portfolios far more actively. In the third quarter 1984, for example, societies turned over £3.7bn of gilts, buying £1.8bn and selling £1.9bn. In the same quarter a year later, the turnover rose to £7.8bn, with purchases of £3.6bn and sales of £4.2bn.

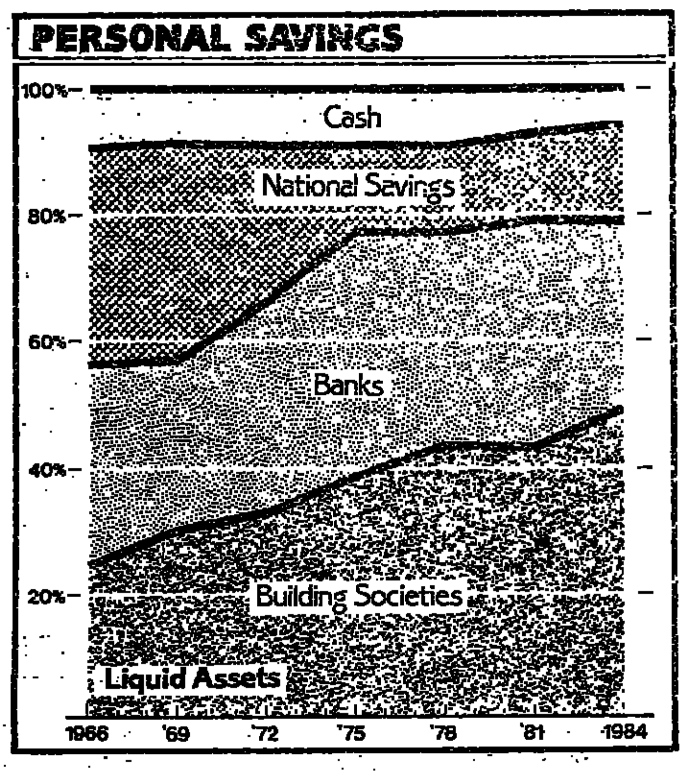
Building societies have undoubtedly felt that since they were now being taxed as traders, with gains counting as income, they might as well trade. Their position as major players in the gilt market will make them prized customers of market-making firms in the restructured gilt market, set to come into existence this year, and in which more than 25 firms will compete for the business which until a few months ago was dominated by two jobbers.

Enactment of the Building Societies Bill will also heighten the societies' role in the market, for they will be authorised to trade futures contracts. The ability to hedge trading risks could further diminish societies' reluctance to trade actively, as well as making possible more complex investment strategies — for example by combining cash market and futures deals with gilt options.

In addition, an amendment recently tabled to the Bill will enable societies to lend out their gilt portfolios. This is likely to be attractive business, since the market-makers seem certain to have frequent need to borrow to meet their commitments.

Alexander Nicoll

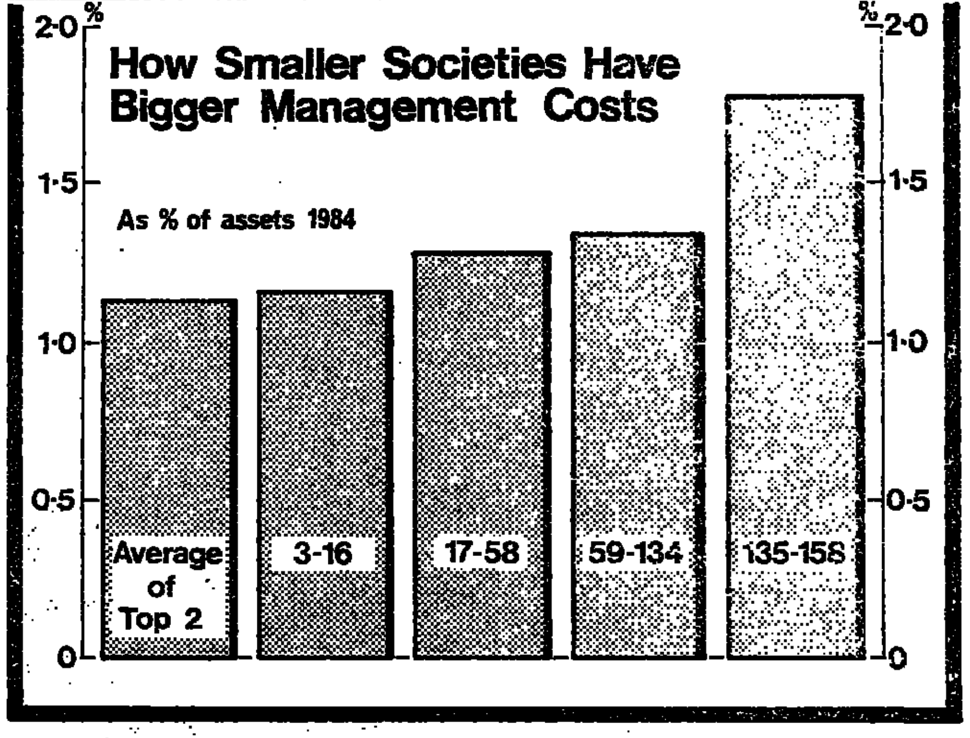
PERSONAL SAVINGS



THE TOP 15 BUILDING SOCIETIES

Building Society	Assets £bn	General Reserve £m	Date
Halifax	22.0	830	31.7.85
Abbey National	18.1	670	30.6.85
Nationwide	9.4	398	30.6.85
Leeds Permanent	6.9	256	30.9.85
Alliance and Leicester	6.8	264	30.9.85
Woolwich Equitable	6.8	252	30.9.85
Anglia	4.4	177	30.4.85
National and Provincial	4.4	169	31.12.84
Bradford and Bingley	3.7	144	31.10.85
Britannia	3.1	127	30.6.85
Cheltenham and Gloucester	2.9	115	30.6.85
Bristol and West	1.9	90	31.12.84
Yorkshire	1.5	65	31.12.84
Gateway	1.4	51	31.12.84
Northern Rock	1.3	56	31.12.84

How Smaller Societies Have Bigger Management Costs


As % of assets 1984

Jewels of the Crown

ONE BODY owns Royal Ascot racecourse, Windsor Great Park, nearly 172,000 agricultural acres in England, slate quarries in Wales and half the coastline in the UK; it also owns London housing estates such as Millbank and Victoria Park that cater for first-time buyers.

The Crown Estates Commissioners can trace their ancestry to the days of Edward the Confessor. Up to the time of George III their rents were handed over to the Sovereign, to support the household and "the honour and dignity of the crown." Since then the money has been surrendered, less expenses, to Parliament. Last year £23m was handed over.

The estates are not government property, nor part of the private estate of the monarch.

The Commissioners' 1985 report said: "The conservation of old buildings or lovely countryside is as important as the construction of new offices and homes or the encouragement of good farming practices." It added that to achieve these objectives and secure a reasonable profit was often exteremely difficult.

The Commissioners became the Crown Estate Commissioners in 1956.

The jewel in the Crown Estates is Regent's Park. In 1811 when the leases expired on the 470-acre Marylebone Farm, then one the northern outskirts of London, the land reverted to the Commissioners of Crown Lands, and John Nash, on behalf of his patron the Prince Regent, began the Regent's Park.

After the last war the elegant Nash terraces were in a parlous state. A committee set up to examine them reported "an impression of hopeless dereliction." St Marylebone Borough Council wanted to demolish the lot and put up multi-storey flats. Fortunately, the report recommended preservation, though nothing happened for 10 years.

One of the first houses in the Park was The Holme, designed in 1818 for James Burton by his son Decimus. The Commissioners complained that it was ugly, expressing concern that anything of the sort could have been built in the Park at all.

Just over a year ago, Knight Frank and Rutley sold The Holme on a new 60-year Crown lease and an asking price of £5m. The buyer is spending a fair amount on renovation, and has to allow the public access to the beautiful four-acre lakeside grounds on four days a year.

On the other side of Park Crescent there are several forlorn terraces currently receiving attention. In the centre of Park Square East, backing on to Peto Place, is the Diorama, built in 1823 as part of the Nash development by A. C. Pugin. It housed a dramatic visual entertainment, brainchild of Louis Daguerre, one of the pioneers of photography. You can still see the sign above the decaying exterior.

Artist John Constable described this cinema of the last century as "in part a transparency. The spectator is in a dark chamber, and it is very pleasing and has great illusion." Since it closed in 1851 it has been variously a Baptist Chapel, rheumatism clinic and more latterly, part of London University's Bedford College.

There have been various unpopular attempts by the Crown Estates to turn the place into an office block, even knock it down. Now they have applied for planning permission to restore the buildings with 18 flats and maisonettes, and two houses on the Park Square East side. The price bracket for these is expected to be in the region of £150,000 to £500,000.

The original facade will remain, the unsightly back tidied up, and an exhibition gallery created in the basement. The ambitious conversion is likely to cost £3m to £4m. The architects are Hunter and Partner, and Hampton and Sons will be the agents. The Commissioners are hoping that the combination of residential element with arts amenities will satisfy the critics.

But there are still problems. The Crown Estates are involved in litigation with the current occupant, Diorama Arts, which is unveiling its own rehabilitation plans on Tuesday at the Institute of Contemporary Arts, 12 Carlton House Terrace, SW1. Architects Alan Phillips Associates have prepared a restoration and refurbishment scheme to go to Camden Council for approval. It will include workshops and studios, a theatre and galleried museum, as well as a pictorial reconstruction of the original diorama machinery. Funding will have to be by donations. Some £150,000 has already been spent on remedial work.

The place is currently a rambling assortment of workplaces for artists and technologists, a haven of peace off the busy Marylebone Road. Whatever the outcome of the rival planning proposals, the place deserves rescue and recognition.

Houses and flats in and around Regent's Park need very specialised marketing, according to *Jan Morgan, of Grosvenor International*. "They either sell at a dealer-price if there is work to be done on them, or they are marked-up too high to start with, and are not given the right exposure. A great deal depends on condition and the length of the lease."

As an example she quotes 41 Chester Terrace. On offer at £600,000 in the spring of 1983, it was bought for somewhat less last year. Modernised, and reasonably sound, the five-bedroom, three-bathroom house has marble fireplaces, a hand-painted wood floor in the gracious dining-room, lift, central heating, and a 63-foot garden. Not lived in for family reasons, it has been put on the market again for £600,000 for the 75-year Crown lease.

Mrs Morgan is also handling what was once the Jordanian Embassy, at 6 Chester Terrace, at £1.3m. "Only three bedrooms, but it is a supurb couture house, and the owner has already turned down £1.1m."

Lassmans, Old Bond Street, has 42 Chester Terrace, a house which used to belong to the Duchess of Bedford, at £895,000, and number 38 at £795,000. John D. Wood's Regent Park office has a clutch of Park properties too—a Nash house in Kent Terrace, £500,000, large apartments in Clarence Terrace and Ulster Terrace in a similar price bracket, and a one-bedroom flat in Cumberland Terrace at £159,950.

Not actually part of Nash's project—he finished building in the Park around 1828 — but still on the Crown Estate, are 6-15 Albert Road, NW1, alongside Regent's Canal, sold last year to Hillsdown Holdings.

The first two houses, 6 and 7, lavishly restored through architects Carden and Godfrey, are on the market now with new 99-year leases at £1.2m and £1.6m respectively, the latter with a swimming pool in the basement.

The brochure of the agents, Britton Poole and Burns and Hampton's, gives the building date of 1820, although the Borough of Camden's planning notes refer to the houses as mid-Victorian, and Prince Albert Road was named for the Prince Consort.

Those so far interested to buy *have been mainly from* overseas, says Hampton's Peregrine Bousfield. "In particular from the Middle East, Europe and America. However some people already living around the Park appear to be tempted because the redeveloped houses have considerable scope for entertaining."

● Bargain in the Park: Reduced from £1.35m to £875,000 for a 60-year lease, is 17 Hanover Terrace and its mews cottage. Handsomely *restored, the master bedroom* has two en-suite bathrooms—one Victorian, the other whirlpool—and the library is panelled. There is a staff flat, the garage takes three cars, and sumptuous furnishings are included (Beauchamp Estates 01-499 7722).

Hampton's, Arlington Street, SW1, have a Grade 1 listed house, 18 Hanover Terrace, at £430,000. But it needs the full treatment in line with he nine-page Crown Estates' schedule of minimum requirements, *which range from stripping the* main roof to installing a damp-proof course.

June Field

Albany Lodge, Albany Street, originally built as the head park keeper's house to Regents Park. £225,000 for the 57-year lease through Lassmans (01-499 2805)

Two modernised Victorian houses in Prince Albert Road, NW1, *for sale at £1.2m and £1.6m respectively* on Crown Estate 99-year leases. Details Britton Poole and Burns (01-722 1166) and Hampton and Sons (01-493 8222)

If you're feeling flush . . .

WHAT DO the following desirable London properties have in common? Lillie Road, Fulham, SW6: beautiful, Victorian cottage set beside six *acres of parkland* in much sought-after area; Furnival Gardens, Lower Mall, Hammersmith, W6: single storey detached premises, two large *receptions*, overlooking Thames with unspoiled river views.

The answer is that both are public lavatories sold recently by the Borough of Hammersmith and Fulham.

Two years ago, the borough council had a "strategy review on public conveniences" and decided that modern computer-controlled APCs (automatic public conveniences) could improve the service and save money on staff. Now, many of the borough's gleaming new APCs stand beside their illustrious predecessors, redundant buildings for which the council has no obvious use.

Sometimes, the site of a lavatory makes it special, such as the one on the river; often, the building is interesting, like the wonderful, circular, flying saucer-like 1950s example on Gibbs Green in the North End Rd, W14.

Michael Ainslie, Hammersmith and Fulham's borough valuer, felt it would be a shame to destroy all these buildings and advertisements appeared challenging the *imagination* and inviting tenders for them. But the borough was not simply going to sell to the *highest* bidder; their proposed use was more important.

The council was cautious about plans to turn the properties into homes and the only residential scheme to be approved involves the riverside lavatory in Hammersmith. This has been bought by a local vicar whose parish has also acquired some adjacent land (a disused council depot); the whole site will be redeveloped as a vicarage and community centre. Meanwhile, contracts have been exchanged on the flying saucer, which will be refurbished as offices.

The most imaginative idea came from Bill Smith, and work has begun on converting the underground lavatory beneath Shepherd's Bush Green into a snooker hall with five tables, a café and a bar.

Design Forum is the architect and Catherine Oakley its interior designer.

There is more space than you would expect: the Gents alone had 46 cubicles and 20 urinals. Ms Oakley's first impression of the place was "masses of marble, mahogany and brass." Unfortunately the lavatories were in bad condition and could not be saved, but the counter in the bar will be made from salvaged marble.

The rooms will be ventilated by the original, efficient air-chimneys and one of the original three staircases will be the main entrance to the club. But the "glass brick" roofing let in too much noise and will be closed off and soundproofed before the *Green Club* opens in the *summer*.

The council was anxious to preserve the prettiest of its lavatories, a late-Victorian 700 sq ft cottage beside the park in Lillie Road. It has been taken by Paul Brookes Associates, a Hammersmith-based firm of architects which will use it for offices.

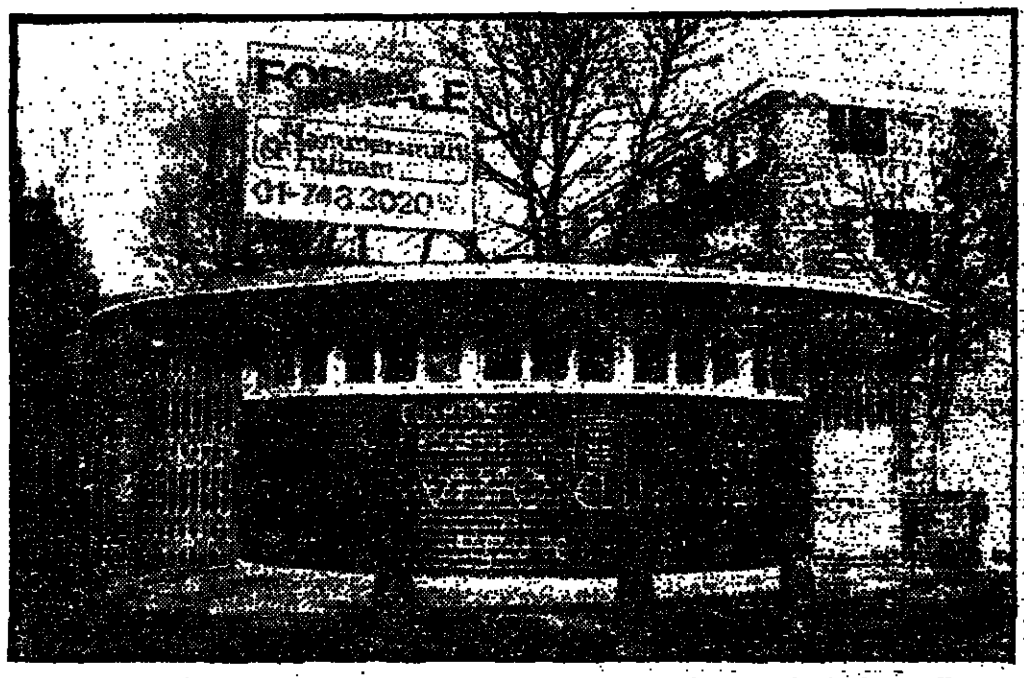
The Ladies and Gents are separated by a brick archway that used to lead into the park. Mr Brookes has had to create a new park entrance since his conversion plan involves closing off the arch at front and rear with glass. *This will be the reception area* and its height will allow a metal deck, an extra floor, to be suspended inside.

The Ladies will be turned into a boardroom with a small kitchen and bathroom beside it. The former Gents will take four *or five architects with drawing* boards and the roof space will be opened up, creating another two rooms.

Mr Brookes has taken a 20-year lease on the property with an option to buy when the conversion is complete. To pay for the scheme he will create a pension fund, with his ex-lavatory —by then, he *hopes*, worth at least £100,000 as security. The fund is designed to mature containing three times the amount borrowed for buying the freehold.

When Mr Brookes retires, one third will pay off the loan and the remaining two-thirds will be spread out as pension instalments. He will gain tax relief on the mortgage interest and the building will be his, to dispose of at his convenience. By then, perhaps, *olde worlde* lavatories may be back in fashion.

Jacqueline Shorey



A 1950s public lavatory in London W14, which will be refurbished as offices

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TRAVEL • MOTORING

Go skiing and make a meal of it

Verbier, with its houses clinging to the gentle hillside

ON DAY ONE we tackled a moderate ski slope and, immoderately, a dish of tomato mousse with artichoke bottoms and Beef Wellington. Day Two was memorable for the moguls *beneath the gondola lift* and, either side of the skiing, poached eggs with smoked salmon and a raspberry pavlova.

On a gourmet skiing holiday the piste and the repast are judged to be of pretty much equal importance.

Last week, along with seven chalet companions, I spent a week in one of John Morgan *Travel's three gourmet chalets* in Verbier, Switzerland. The company has for 15 years provided staffed chalet holidays in France, Austria, Switzerland and Italy. The gourmet chalets, so far only in Zermatt and Verbier, were launched just this season.

Even the most dedicated skier cannot fail to pause in a blow-by-blow account of the day's attack on the mountains to reflect that there is a lot to be said for the stilton soup, too. The most rugged snowfield starts to stir contented memories of last night's duchess potatoes.

For the beginner or intermediate skier it can also be a great comfort. When you have floundered on the slopes and fallen as flat as a pancake, a crepe suzette is a wonderful pick-me-up at the end of the day.

Life in a staffed, luxurious chalet does no harm either, to the bruised ego or other battered parts. To arrive home to an apparently endless flow of piping hot water—not a universally available commodity in all Alpine resort chalets by all accounts—to warmth, and the prospect of dinner makes a day that might otherwise be best forgotten suddenly feel *memorable.*

It is, of course, the skiing that brings the visitor to Verbier in the first place. Located on a sunny plateau on the south side of the Rhone valley, Verbier is generally considered by those in the know to be one of Europe's top five ski resorts, along with Zermatt, St Anton, Val d'Isère and Courchevel.

When the French launched their Trois Vallees concept linking eight villages around Meribel and Courchevel, Verbier countered with Les Quatre Vallees linking ten villages on the same pass via 64 drag lifts, 18 chair lifts, 10 gondolas and five cablecars.

The village lies at 5,000 feet and Mont Fort, the highest spot in the Verbier ski area, at 10,925 feet. The opportunities for those in search of powder skiing are endless.

Verbier is probably best suited for intermediate to advanced level skiers, partly because the extensive range of runs means a fairly expensive *lift pass which might not seem* the best value for money if you spend your days on the nursery slopes.

But there are plenty of blue and red runs available for skiers just a few rungs up from beginner. On a clear day, the breathtaking views and pure enjoyment of the good wide pistes at La Chaux, 8,000 ft, and Savoleyres, 7,500 ft, are pretty hard to beat. Verbier has 200 miles of runs and the longest downhill run, 11 miles, in the Alps.

Verbier as a town may not be *to everybody's taste*—it is a determinedly fashionable resort and with the British representing the largest non-Swiss contingent, somewhat heavy on cut glass accents. It is purpose built and though it does not have the character of a village which has something other than skiing to justify *its* existence, Verbier is pretty, the houses clinging to the gentle *hillside all built in* chalet style with wooden walls and slate roofs.

For John Morgan Travel of Petersfield, Hampshire, a reborn company (now owned by Meon Travel), the accent is on comfort and informality. The domestic arrangements operate without fuss.

They revolve around the ubiquitous "chalet girls," some of Britain's better exports to Europe, who provide three meals a day for their guests: breakfast, tea, a wholesome spread of bread and homemade cakes laid out for skiers to tackle on their return from the slopes (first person home is expected to plug in the kettle), and a *three course candlelit* dinner with as much wine as you like.

The girls also clean the apartment, make the beds and help to sort out ski school enrolment, equipment hire and provide general guidance about the ski and apres-ski amenities.

In addition to the gourmet chalet holidays John Morgan also offers in Verbier chalet accommodation staffed by chalet girls working on not quite as generous a catering budget; staffed apartments without a meals service and self catering apartments.

The gourmet option meant, in our case, meals prepared by two cheerful sisters from Staffordshire, both of whom had taken cordon bleu cookery courses.

Our apartment in the *Flaminia chalet slept eight,* with two double bedrooms, two twin rooms and three bathrooms —which removed any question of queueing for a soak after queueing for a lift. It has to be said the lift queues can get quite long at Verbier.

The apartment's large living room-cum-dining room, with a spectacular view of the mountains *and of the* deep valley below, is the social focus. Duty free drinks tend to be pooled and everyone meets before dinner to hear the day's ups and downs.

The chalet party may be made up of individuals travelling alone, groups of friends or families — and the formula seems to have a way of making strangers into holiday friends.

On the two- to three-hour coach journey from Geneva airport to Verbier, the company's representative details snow conditions and collects lift pass money and pictures, and advises on ski school.

The Swiss Ski School has 170 instructors in Verbier and charges SFr 17 for one half-day lesson or SFr 83 for six. Two of my chalet companions, 10 minutes into their first day's lesson, were startled at being ordered to take off their skis and trudge back up the mountain to the cablecar which took them down to a more junior class.

Apart from the large blow to the ego, the 45-minute climb *through thick snow* left them exhausted and bad tempered. After a week's excellent tuition from a number of instructors, we concluded, however, that this initial incident appeared to be a fluke.

The ski school is renowned for its Cours de Godille, week-long intensive all-day classes which take place in the low season.

Travel details: John Morgan Travel, Petersfield (0730) 68621. Gourmet chalet holidays for one week from February 8 to March 29 range from £351-£386 per person inclusive of return flight and coach transfers.

Fiona Thompson

The off-the-peg Mercedes-Benz 190E 2.3-16, a 145 mph four-seater with family capacity

Fast living for families

MANY PORSCHE and Ferrari owners must be familiar with the problem which comes at a time when school fees also start *to bite. The question they have* to answer is: what car do I buy for fast and pleasurable motoring *now that* the children will not fit into the cramped back seats?

There are a number of alternatives and *I have been driving* two of them in recent weeks. One is an off the peg solution, the other tailor made, but both are special versions of the Mercedes-Benz 190E.

Concerned about their image as makers of cars for successful if rather mature people, Mercedes-Benz produced the 190 E 2.3-16 as a limited edition for racing and for street use by the young and upwardly mobile. It had become a familiar sight on the autobahn —usually from the rear, and fast disappearing from view— before it reached Britain last autumn. By the end of this year about 600 will have been sold here.

A British company, Cosworth Engineering of Formula 1 racing fame, co-operated with Mercedes-Benz to design and manufacture a 16 valve, twin overhead camshaft cylinder head. The 2.3 litre four-cylinder engine develops 185 bhp which compares with the normal 2-litre 190 E's 122 bhp.

The top speed—a matter of *academic interest nowadays*—is about 145 mph. More important to the British buyer is the fact that the engine is untemperamental, smooth even if pressed towards its permitted 7,000 rpm maximum, and not uneconomical.

Used at business driver's speeds on the motorway and enjoyably on normal roads, it gave me 28 mpg. *Fairly low gearing* —22.5 mph per 1,000 rpm in fifth—makes for flexibility in town. *It stays* smooth at 30 mph in top.

The suspension has been stiffened slightly and has a self-levelling system but is essentially the same as that of the normal 190, which has exceptionally secure handling at high *cornering speeds. There is some* road reaction from the 55 series Pirelli P6 tyres over expansion joints and drain covers. But ride comfort is perfectly acceptable and their traction and cornering grip unbreakable in the dry, reassuringly good in the wet.

The front seats are hip-hugging and predictably firm; *in the rear there is room for* two adults or a pair of hefty teenagers and the boot is family-car sized.

According to Mercedes Benz, the spoilers, air dams and side skirts are not just there to make the 190 E 2.3-16 look the part but are aerodynamically functional. They reduce front and rear lift by more than 40 per cent. *At motorway speeds this* hardly matters but a driver exploiting his freedom to go really fast on the autobahn will notice the difference in directional stability.

At £21,045 the 190 E 2.3-16 is a costly package in relation to the standard 190E (£12,135). There is a cheaper alternative. Janspeed Engineering offers a *turbocharging package on the* standard 190 E with many of the off-the-peg car's performance benefits.

It costs £2,710, which includes £215 for a mechanical breakdown insurance, necessary because the turbocharging invalidates the Mercedes-Benz engine warranty. So, for £14,841 it is theoretically possible to *have a 190 E that would rival* the performance of the 2.3-16 because the turbocharged 2-litre engine puts out nearly as much power (179 bhp against 185 bhp but a lot more torque (192 lb/ft compared with 174 lb/ft).

Of course, if one intends to use the greater performance potential seriously, suspension *modification* and larger wheels *and tyres are desirable.* These add another £1,570 and if you want the full package of spoilers, leather steering wheel (which blocked my view of the instruments), wood door cappings and spotlights, the total cost of this almost 190 E 2.3-16 look alike is £17,923.

The one I tried had automatic transmission, which raises the price still further to £18,342 but made it a most agreeable car to drive. Good though the Mercedes-Benz five-speed gearbox is, the four-speed automatic is better unless you plan to spend all the time on the autobahn or flying up alpine passes.

The beauty of the Janspeed conversion is the huge amount of torque (pulling power) at modest engine speeds. It really does give the 190 E a lot of muscle.

No change has been made to the engine's 9.1:1 compression ratio so the pick-up at low speeds is the same as the normal car's. At as little as 2,000 rpm, there is almost 25 per cent more power at the rear wheels, rising to nearly 50 per cent at 5,000 rpm. In practical terms this means that acceleration from 3,000 rpm (say 50 mph in third or 65 mph in top) is startling. It does not come in with a sudden rush: just a lovely silken surge of *power.*

Providing the engine is not taken up to excessively high speeds—and this is not what turbocharging is about—fuel consumption is little affected. Mine was 27-29 mpg for a mix of motorway and town driving.

The Janspeed converted 190 E had the optional 15-inch wheels and B F Goodrich Comp T/A series tyres. These massive ultra-low profile tyres have glass fibre belts instead of the usual steel belts. I thought they rode better than the Pirelli's on the Mercedes 190 E 2.3-16 though the tread pattern made more noise on some road surfaces.

Specialists who save pain

THE MOST popular models among second-hand car buyers are three year-old Ford Escorts or four-year-old Austin Metros. They will have covered between 36,000 and 37,000 miles and will probably be blue. After that, red, white, green and brown are the likeliest colours.

These statistics were turned up by the RAC in a survey covering 2,500 vehicles that had ben submitted to its vehicle examiners to see if their condition measured up to the vendors' claims.

This, as anyone who has bought a car privately or from a back street dealer will know to his cost, is not necessarily so. Private sellers who advertise a car in the local paper are usually honest enough but there are some rogues among them. And some advertisers who appear to be private individuals turn out to be amateurs doing a bit of dealing on the side.

Either way, a specialist examination is prudent. If the seller objects, then clearly the car should not be touched with a barge pole, however cheap it appears. If it fails the examination, the fee is wasted but at least the buyer knows he has avoided being sold a pup.

The RAC, which offers the service to members and non-members alike for a basic fee of £45, says it saves prospective buyers thousands of pounds every year. The AA has a similar scheme but it is only for members. Most cars are charged at £39, but the fee goes up to £50 for two-litre to 3.5-litre models, £75 for those over 3.5 litres. Special cases like a Rolls-Royce or Ferrari cost £120.

The most popular imported cars among second-hand buyers are the VW Golf, with Renaults and Nissans vying for second place. The RAC survey showed that they had covered slightly lower average mileages than the Escorts and Metros at 31,000 to 35,000 miles.

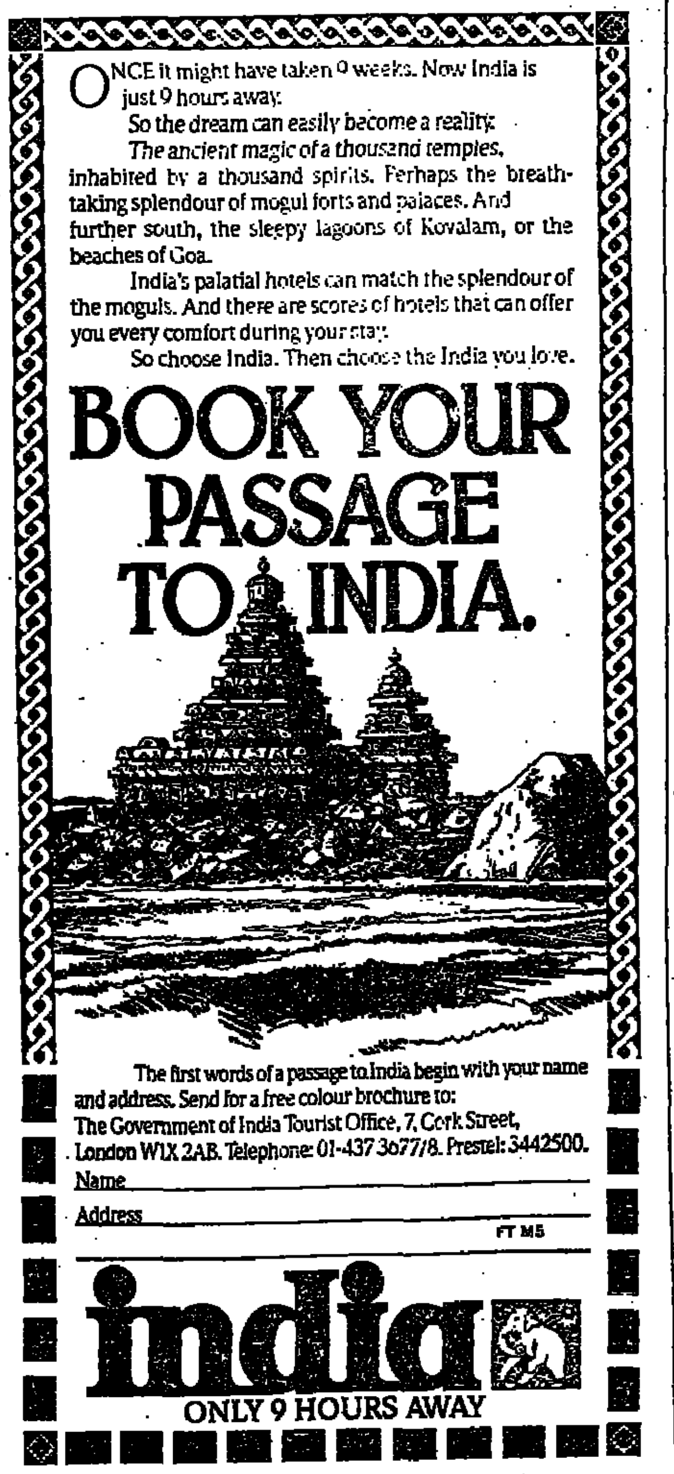
Stuart Marshall

Residential Property

Holidays and Travel

Overseas

Flights



Self Catering

Winter Sports

Specialist Holidays

Hotels

U K Hotels

Activity

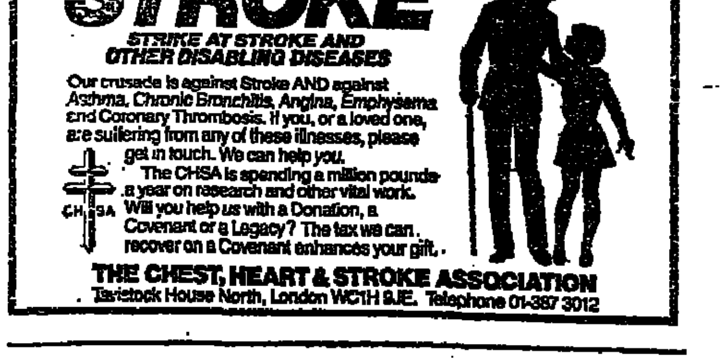
Motor Cars

Legal Notices

Art Galleries

Clubs

Personal



Educational

Telephones

This is the shape of rings to come

BETH, ELDEST daughter of Louise Kehoe, our correspondent in California, recently asked her parents for a telephone line of her own. She argued that many friends of her age already had one, and it would mean that her parents would not have to wait to use the telephone while she discussed important matters on it. They refused. Beth is eight years old and will have to wait until she is 12.

So many children in the US have their own lines that some companies are selling child-sized telephones. Indeed, the telephone is so ubiquitous in the US that you can even buy a waterproof shower phone.

The Australians have gone one better — or rather, one worse. Dick Smith Eelectronics, a chain of electrical shops similar to Tandy, is selling what it calls the ultimate in convenience. This is a combined telephone, AM/FM radio, and toilet roll holder. Even the company brochure admits the Loo Phone at A$49, is "absolutely tasteless."

Yet in Britain the domestic telephone user might be forgiven for wondering what all the talk of a telecommunications revolution is about. It is taking BT a long time to modernise its creaking network: the lines are often crackly, the dialling time is slow; there are precious few exchanges with modern services such as automatic diversion of calls to another number.

What is more surprising is the rather limited development of the market in domestic telephones. Even though BT lost its monopoly to supply telephones over four years ago, many products now available seem expensive, in designs which range from the unexciting to the appalling.

BT still dominates the market. Anxious to protect its rental income, it is not exactly keen on seeing the price of purchased telephones fall. And as many of the manufacturers also sell most of their products through BT, they are not falling over themselves to start a price war either.

One of the biggest brakes on telephone sales has been the cost of converting old-style wiring to the necessary plugs and sockets. BT charges £28.75 to change existing arrangements. If you want two extra sockets the bill rises to £52.90, which is absurd if you were thinking of getting a cheap £20 single piece telephone for the kitchen.

However, in the next few weeks the government is expected to lift BT's monopoly in telephone wiring in our homes. The most likely outcome will be that approved contractors can install the "master" socket which marks the boundary with BT's network. Then, either the contractor or the subscriber can do the rest of the wiring, putting in additional sockets.

BT itself will sell DIY packs for extension sockets. This is easy to do—anyone who can fit a plug on an ordinary electrical appliance will have no problem installing an extension socket.

This is expected to encourage more people to buy telephones. It may also stimulate suppliers to produce better equipment. In any case, prices are falling; it is worth remembering that a mere two to three years rental costs the same as buying outright.

BT mainly sells other companies' telephones, but develops *and manufactures its own*. It has strongly promoted its own one-piece Slimtel, which at £29.95 is very expensive compared with similar products like, say, one from Audioline at £16. Slimtel is also an irritating product, not least on account of its ring, and the fact that you can easily cut yourself off while talking. The BT name, and promotion, has nonetheless resulted in good sales.

Another curiosity from BT is the Picturephone, a £39.95 wall-mounted telephone with space for photographs. This prompted one retailer to comment: "BT really ought not to be allowed to design telephones, it's awful."

The most interesting — and most obviously useful—product is the cordless telephone. Prices are falling quite quickly and most of the technical snags have been solved. Cordless telephones have small radios in the handset which can be used up to 100 or 200 yards from the base unit around the house and in the garden.

Practically all good cordless telephones are made by one company in Japan. BT is about to launch a new model, the Freeway, at £99.95; the same product and price as a cordless sold by Uniden. It is not very handsome but it does have a reputation for working well in difficult conditions — certainly not the case with earlier models sold by BT.

BT's move will put pressure on other manufacturers' prices. Better looking, well regarded and expensive are the new GEC models: the Esprit at £140, and the Envoy (with an intercom between base and handset) at £170. Other companies producing cordless telephones include Plessey and Answercall.

Most conventional telephones now have, as standard, push button dialling, automatic re-dialling of the last number called, and mute buttons, which are the electronic equivalent of a hand over the mouthpiece. Most telephones have electronic "bells" which range from irritating squawks to gentle warbles. Fortunately, many have volume controls.

Extra features include memories for storing and automatically dialling frequently called numbers; loudspeakers; and digital clocks. Some are a combination of telephone and radio alarm.

Cheapest of all are one-piece phones costing around £15 — about double the price of the $10 "throw-away" equivalent in the US. Some of the most expensive are the Donald Duck and Mickey Mouse telephones priced at £150 — they cannot *be sold*, according to Mr Justin Orde, head of the Gazelle Group, the largest independent distributor of telephones in the UK.

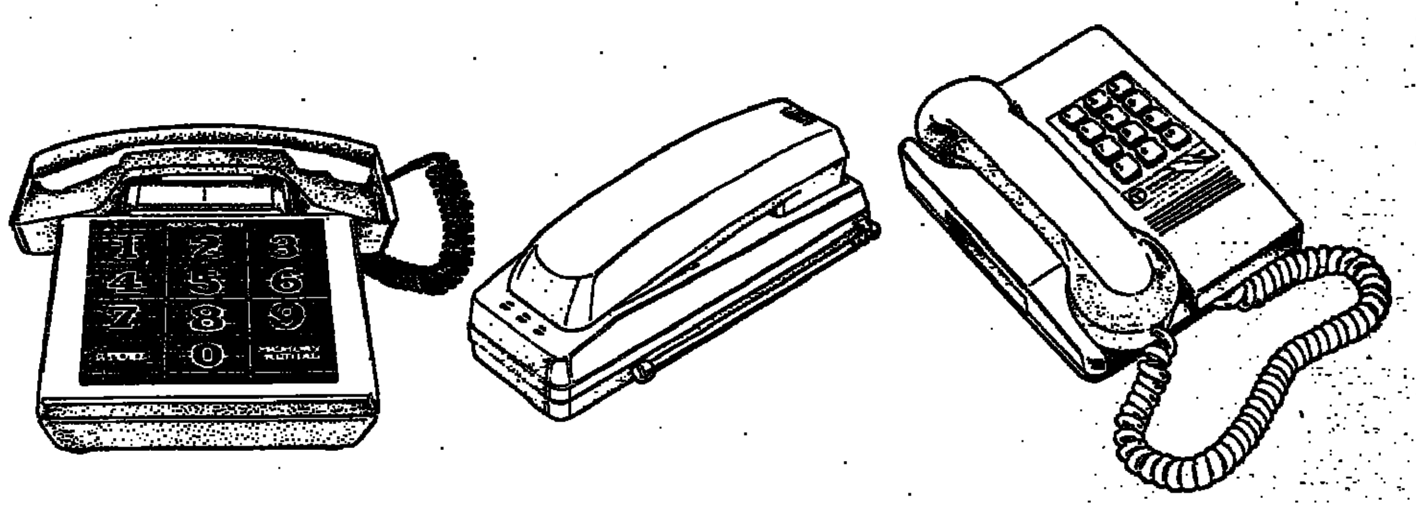
There is a small but apparently thriving market in decorative telephones (some love them many loathe them), and in reproduction candlestick telephones and wooden wall-phones.

The standard BT telephone is the Statesman at £36. This is built to last 15 years and therefore comes rather expensive. Better looking, at the same price, is the Tremolo, which comes in mid-blue or almond; and the Viscount at £40, which comes in a range of colours.

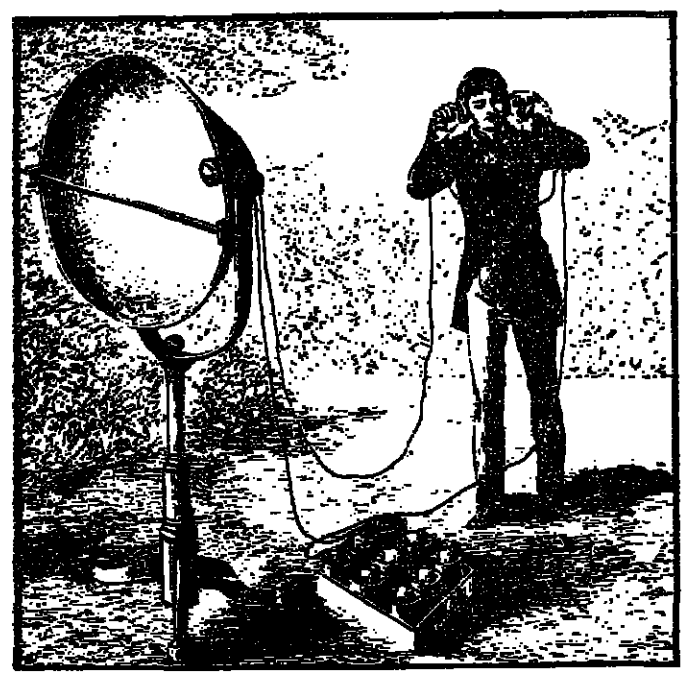
A number of other companies offer equivalent products which are usually slightly cheaper than BT. The choice really comes down to personal preference in design and colour. Models worth looking at include Siemens' Masterset III at £40, Betacom's Flamingo at £25, Audioline's 201 at £26, and the 301, with big buttons for the elderly, at £35.

None really compares with some of the zany products available in the US. A New York company called Cash 'n Gold sells $20 "Lipstick Phones" in pink, silver, and gold; "Mercedes Phones" at $40; "Razor Phones" at $25; and a telephone that looks like a gold-plated dollar sign, at $30.

Jason Crisp



Above, left to right: Audioline's 310, with large keys intended for the elderly or disabled, it can store 10 numbers and costs £39.95; BT's compact Tremolo, costing £35.95; and the new GEC Esprit cordless, at £139.95—though retailers expect the price to come down soon.



Left: receiving a message on Bell's Photophone, patented in 1880. He said it was his "greatest invention—greater than the telephone." It used sunlight to transmit sound—a tecnology not so different from the latest optic fibres.

Lots of hearty tributes

HOW TO SPEND IT

Lucia van der Post

WE SEEM hardly to have recovered from Christmas (my bank account certainly has not) and yet here we have St Valentine's Day hurrying towards us and every shop in the land agog to sell us yet more things. I realise this is a somewhat curmudgeonly approach to what is supposed to be the most romantic of days so for those in a more generous and, romantic mood, here are some suggestions of how to woo, win or bolster your love.

We do not normally associate such overtly commercial events as St Valentine's Day with fine arts and crafts, but if many a blatantly opportunist idea can make a quick buck, why not the artists and craftsmen of our day? Combine taste with generosity and go to the Crafts Council Shop at the Victoria and Albert Museum at South Kensington, London SW7, to see some of the specially commissioned work produced with St Valentine's Day in mind.

Choose from a painted wooden rolling pin by Eleanor Glover at £96 or go for Jane Short's silver and enamel "*kisses*" *or* "*arrows*" cufflinks (at about £125 a pair). If all that is a little more than your love is worth, look at Trisha Rafferty's button cards (below) or Cathy Harris's perspex jewellery at under £20. The exhibition starts on February 1 and goes on until February 13.

●

SEND a basket to your love. What about a bottle of pink champagne, some hand-made chocolate truffles in a heart-shaped box, some of her favourite cologne together with a lace-edged handkerchief? Wickers Gift Baskets of 217 Uxbridge Rd, London W13 9AA (01-567 4745) will do its best to oblige. It will make up baskets for him or for her at prices starting from £14.

●

IF YOU always leave things to the very last minute, take heart —Fast Flowers of 25 Vanston Place, London, SW6 will come to the rescue. It will guarantee to send flowers anywhere in London free of charge (all you need to do is lift the telephone and quote any major credit card company) and it can also arrange for them to be delivered almost anywhere in the world. Choose from roses either in bunches or a packaged, single stem, from orchids, birds of Paradise or silver-treated carnations. Sample prices—12 red roses, packaged and delivered for £21, *six red roses for £11 and a* single red rose (though, personally I think this so restrained it verges on the mean) for £6.20.

●

A BOXED replica red rose is not wildly exciting but if it comes with a loving (or witty) message and is sent by the John Grooms Association for the Disabled you will at least be pleasing more than one person. All the money raised by the sales will go towards a residential complex being built in Norwich for severely disabled people. Send a cheque or postal order for £1.20 to John Grooms Association, 10 Gloucester Drive, London N4 2LP. Do not forget to add your message, which will be boxed with the rose.

●

IF, LIKE me, you are still feeling the strains of the big Christmas spend, you can send a Valentine balloon to your loved one. For just 40p Curious Caterpillar By Post of *102 Bancroft, Hitchin, Herts*, will dispatch it anonymously (unblown-up) but bearing the welcome, if unsurprising, *message* — I Love You. If you are feeling rather more generous, send for its catalogue and order something a little more expensive.

●

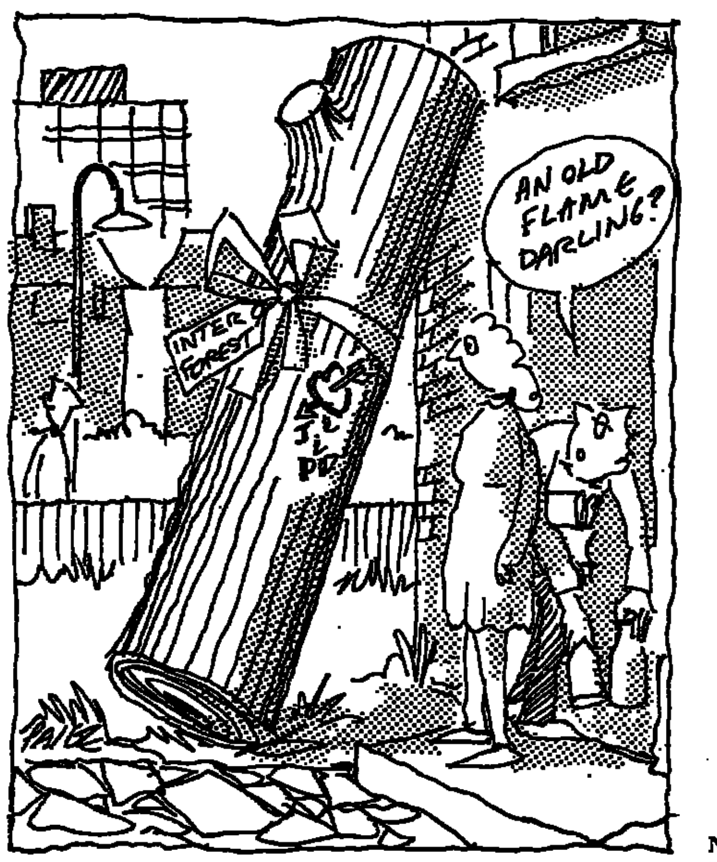
JEWELLERY is, I suppose, the romantic present par excellence. Bacchus Jewellery of 14 Charlotte Place, London W1P 1AP has a simple, fragile, *pretty-looking collection of* heart-shaped designs at prices that are far from exorbitant. Based on nine-carat gold and semi-precious stones or pearls, there are stick pins for as little as £17 and necklaces featuring gold hearts and cultured pearls for £95. It is a shop worth looking at any time because it is one of the few places I know which will inexpensively and happily design and make pieces to your specification.

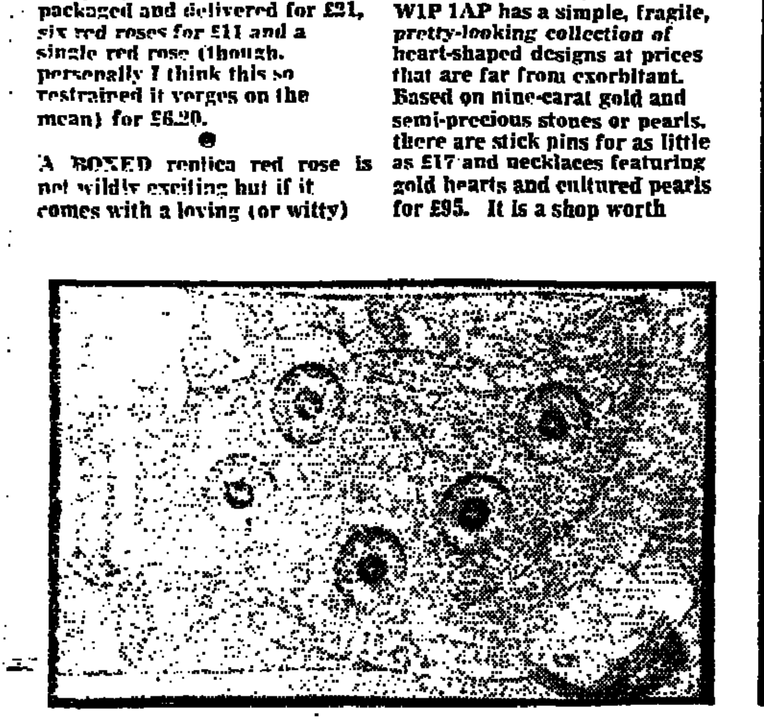
●

ANTIQUE markets are a marvellous source of presents that are original, charming and often surprisingly inexpensive. A small collection of heart-shaped boxes from some of the stalls at Gray's Antique Market. The two royally embellished tin boxes at the top of the photograph (featuring Queen Mary and King George V) are £45 for the pair and they come from *Stewart Cropper's stall*. In the middle is an embossed silver box from Renato's stand, *£45. At the bottom come two heart-shaped perfume bottles*— both from the Trio stall. The porcelain one on the left is late Victorian and is £50, while the ceramic one on the right is £40.

NIGEL MILNE has one of the most charming collections of *antique jewellery I know*. It is exactly the sort of shop one cannot afford to visit too often, so full is it of seductive and beguiling pieces. However, if somebody is feeling generous it is a good place to seek out the special, the rarified and the one-off. Most of his jewellery is antique but he also sells a collection of modern pieces by Kiki McDonough. Some of her work is photographed here.

The gold heart bangle at the top with three central diamonds is £1,200. The gold heart-shaped drop earrings in the middle, each sporting a central diamond, are £650. The onyx and gold bead necklace on the *left, with its 18-carat gold and* black enamel heart, is £1,200 while the matt onyx necklace on the right, culminating in a *rock crystal heart with large* 18-carat gold and diamond bow, is £695. All from Nigel Milne, 16c Grafton St, London W1X 3LF.





Trisha Rafferty's porcelain buttons at the V and A

Heart-shaped tin boxes at Gray's Antiques

Valentines

Romance is no laughing matter

WHOEVER it was that juxtaposed the terms "funny" and "valentine" didn't know what they were talking about. Romance is no laughing matter and in my experience the whole subject of valentines is extremely problematical, from *choosing to refusing*, from selecting to accepting.

The first problem is identification. Like being a little bit pregnant, there can be no such thing with a valentine as partial anonymity. I have received a few valentines over the years which were utterly untraceable; presumably the sender remains as frustrated as myself, and the whole exercise has proved completely pointless. So all senders should therefore provide subtle clues — the revealing postmark, the discreet office franking stamp, the subtle suggestion of name, address and daytime telephone number. Initials suffice, providing you have a name like Vanessa J. Quint.

They're the most obvious thing to send, but I still respect anyone who succeeds in buying a simple valentine card. It is incredibly embarrassing, choosing a card to express your deep affections when the shops are full of sniggering youngsters and brusque assistants. It is like displaying your emotional luggage to Customs officers.

Victorian cards, on the other hand, are beautiful and honest *things, which tend to be sold* in quiet collectors shops or old *print* galleries.

But do not go too far. Last year, I received a valentine which was a limited edition. Unfortunately this meant that it did not have a limited life, as it was too expensive to throw away. It lurks in a corner, all hearts and cherubs, a clumsy reminder of a continuing affection.

In fact, enduring items have a place as valentines only between eduring partners, where such declarations of affection are often unnecessary anyway. When it comes to the true valentine, the spark to kindle new fires, then the best tokens are transitory. Flowers, chocolates, drink and invitations to dinner, all discreetly pass away of their own accord. They leave no sad reminder if their implicit offer is refused. But equally, they have no revealing presence if an illicit offer is accepted.

By the same principle, the worst valentines are articles of clothing or jewellery.

(The only permanent items which can be safely sent are those which can be passed off as gifts from another occasion. However, there is little romance in *receiving something* embossed "Happy Birthday," or "Congratulations on achieving your monthly target."

The most romantic thing I have ever received was on the morning after my house was burgled, when my girlfriend sent me a single rose with the message, "There are some things they can't steal. Love. . ."

Ever since, I have been a staunch fan of the single rose, as dressed in satin and delivered to my desk by the aptly named Unirose (01-727 3922).

The only other thing to stress is that really, no-one wants to be contacted through a newspaper advertisement. The whole thing is just a bit too close to the Lonely Hearts columns.

There is little further advice I can offer to the person who decides to send a valentine. You are out there on your own. It is your decision to put your heart on your sleeve; just remember that at one end of it is a cold shoulder.

But what if you receive a valentine? Or worse still, what *if a certain glance, a knowing* smile, tells you that, someone erroneously thinks they have received one from you?

The no-nonsense approach says that you should clear the whole misunderstanding up immediately. Do not give any possible encouragement. Get things stopped before both of you look foolish.

Personally, though, I cannot help being sympathetic to anyone brave enough to send a valentine, or sweet enough to think I might have sent them one. On this occasion, hard-hearted practicality surely has to be replaced by Yeats's dictum — "Tread softly, for you tread upon my dreams." It may be good, on Valentine's Day, for a man to be seen to be dashing — but I do not think that applies to other people's hopes.

Paul Keers

Collecting

Rocking horses canter into fashion

MODEL HORSES of various descriptions are among the most endearing of playthings, exerting their charm over adults as much as children.

The *hobby-horse* which preceded the rocking horse was often *only* a horse's head atop a stick which could be ridden astride. More sophisticated versions were *fitted* with a T cross bar and had wheels at the rear.

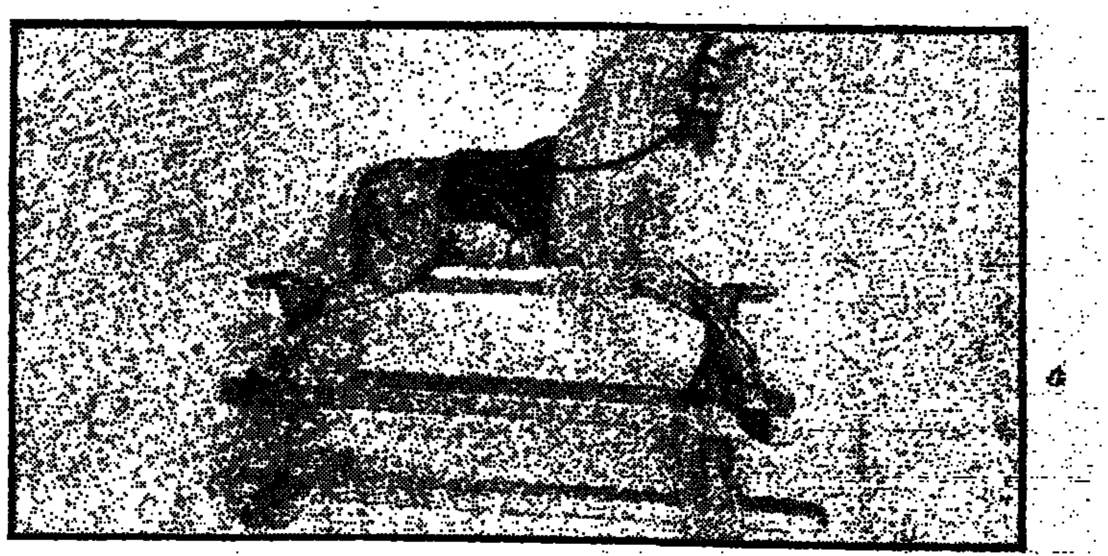
These stick-like horses were known to the Greeks and Romans, and are well-documented in medieval manuscripts. By the 16th century they were widely available, Lanthorn Leatherhead in Ben Johnson's Bartholomew Fair shouting his wares—"Buy a fine hobby horse to make your son a tilter."

By the 18th century full-scale rocking horses were being promoted as a help to teach children to ride as well as provide a sense of exhilaration. "They sway'd about upon a rocking horse/And thought it Pegasus." John Keats wrote in Sleep and Poetry in the early 1800's.

In The Cricket on the Hearth, Charles Dickens tells of the toymaker working on horses "of every breed, from the spotted barrel on four pegs . . . to the thoroughbred rocker on his highest mettle."

The pillar stand, safer than the bow rocker because of the stability of the stand, was patented in 1870. The horse was able to gallop on two parallel iron pivots.

Billed as the 1906 novelty in Gamages catalogue that year *was their patent* "*Galspa*" horse. Combining all the advantages of the cycle and the rocking horse, it "canters, gallops, answers to the reins." When the horse was rocked gently, two independent sprags engaged on the backward motion and drove the horse forward on small rollers let into the rockers. It cost from 50 shillings — less than the standard rate for



"Mister Smokey," a hand-made reproduction of a Victorian original in the *Rocking Horse Exhibition*

In the Rocking Horse Shop, Old Road, Holme upon Spalding Moor, York, Anthony Dew reproduces the traditional Victorian-style horse.

"Originally their bodies were made of yellow pine, but since this is hard to obtain and expands, I use jelutong, which is stable, easy to carve, and virtually knot-free."

A lot of the Victorian horses had quite vicious expressions. In 1905 Diana Holman Hunt was horrified on discovering her father's rocking horse in the attic — "his ferocious upper lip snarled and twisted over huge chipped yellow teeth."

Anthony Dew prefers a more *benign, sprightly animal, whose* personality is friendly rather than warlike.

Some examples of his work are in the evocative Rocking Horse Exhibition—on until the end of the month at the Guild of Master Craftsmen's newly opened showrooms in Lewes, East Sussex. It is open 9-5, Monday to Friday.

Seven makers are exhibiting, and prices are from about £360 to £1,300 according to size and finish. An unusual "muscled" effect is a feature of the laminated hardwood Relko horses, whose tack consists of bridle, noseband and bit, breast-plate and saddle with girth and stirrups. No two horses are exactly the same, and each has his own registration certificate.

Haddon Rocking Horses, Station Road Industrial Estate, Wallingford, Oxfordshire, run by the Randolph family, sells about 500 of its dapple grey, and black horses a year, exporting to the Middle East and North America. They run a Rocking *Horse Society* for owners, who can trade up from a pony or colt to a larger steed by part-exchange.

Catalogue notes on the exhibition are free for a large stamped addressed envelope to Mairi Baker at The Guild, 168 High Street, Lewes, Sussex. Anthony Dew's book, Making Rocking-Horses (David and Charles) is £8.95 plus £1.50 postage.

All of the makers undertake restoration of old horses, however pitiful their state. A little rocking horse which came in for renovation had three loose legs and the fourth fell off as it was lifted from the stand. Its ears were smashed and the lower jaw broken.

For those who want to operate their own hospital service, Margaret Spencer, Chard Road, Crewkerne, Somerset, supplies spare parts by mail order. A leather harness set with reins, brass studs, and a length of strapping to make a bridle, costs £4.20, a braid-*trimmed velvet saddle from* £6.80, and glass eyes with a brown iris from 25p a pair.

If you want to buy an antique horse rather than a new one, you can usually find them in collectors' sales at Sotheby's, Phillips, and Christie's, South Kensington.

June Field

هكذا من الأصل

Starting from scratch

In the world of desperate dans

LIKE many weak, flabby, cowards, although alas, no longer a 7 stone weakling) I have had fantasies about dealing with the bully attempting to kick sand in my eyes or his modern-day equivalent, the drunken hooligan on the Underground. So, when the chance came to try one of the martial arts I responded eagerly.

I chose judo because its old-fashioned and somewhat staid image compared with, say, karate, seemed to fit in better with my mature years. However, after two gruelling sessions I—or rather, my pain racked body—am not certain it was such a good idea.

The real harm was done by the exercises involved in learning the sport. I play hockey and squash regularly but I cannot recall ever being forced in one session to do more than 20 press-ups, nearly 50 sit-ups and a further variety of exercises supposed to stimulate and relax me.


Learning to throw: John Edwards (right) in action.

The "fighting" itself was not at all dangerous. The colour of the belts, worn above the judogi suits, easily identifies your skill. The darker the colour, the better and more experience you are. The bottom rung is white, moving up to yellow, orange, green, blue, brown and finally black.

Improving your grade includes an elaborate system of points that take time and expertise to accumulate. Once you are a black belt, which normally takes at least three years, you then progress through the dans (degrees).

In theory, the highest possible grade is black belt, 12th dan. In fact, fourth and fifth dans are the top fighting grades in international competitions like the Olympics, higher grades are given for work in teaching and organising judo and the highest grade awarded so far is 10th, of which there have only been seven in the past 102 years.

Being able to identify standards so easily stops newcomers, in particular, from being roughly treated. As a white belt, and complete novice, I was given very gentle handling by those in the higher grades who gave repeated assurances that I was not going to be thrown. This reflects the general philosophy of the sport.

Judo is the "safe" version of the ancient, and potentially lethal, Japanese martial art of ju-jitsu. An element of the Japanese ritual is maintained. You bow to your opponent and when entering the dojo (training hall). Japanese names are used to describe the various different throws and holds.

Even so, it is a fairly rough sport and those taking part are made well aware of the dangers involved in losing control. Yet, the confidence instilled by learning how to protect yourself tends to make you anxious to avoid violence, since you know the damage that can result.

I spent my two nights at the Judokan club in Hammersmith, west London. The chief instructor is Percy Sekine, a 6th dan who represented England and was international team manager for several years. In the warm-up exercises, he noted that merely flicking hands in the right way could do a lot of harm to an attacker.

Apart from learning how to look after yourself, why do people take up such a tough sport? There seem to be two motives—physical and mental relaxation, and the chance to make friends with a wide variety of people. In my two nights I met a doctor, management consultant, fireman, accountant, construction worker and a policeman (who obviously is able to use judo in his job).

Club members include Lord Queensbury (whose ancestors were more interested in boxing) and Jak, the London Standard newspaper cartoonist. Jak apparently is a black belt—I shall look at his work with more respect in future.

Aficionados claim judo is much more satisfying than karate, which is far more popular. Sekine says karate is merely learning to use the hands and feet as "fists" with no physical contact allowed, and that people soon tire of it.

Judo is not an easy sport to learn. It needs time and determination—two things in short supply for me. And like most beginners, I doubt if I will ever become any good. Nevertheless, I will go again to keep fit, make some new friends and, perhaps, fulfil a lifelong ambition to see off the next bully I meet with a flick of my hand, or a twist of my healthier body.

John Edwards

Costs

I CHOSE the Judokan Club at Latymer Court, Hammersmith, west London, partly because it is close to where I live and partly because of the high reputation of its owner, Percy Sekine. But there are many hundreds of other clubs throughout Britain. A full list can be obtained from the British Judo Association, 16 Woburn Place, London WC1H 0QH, which also publishes an official magazine, British Judo, with a circulation of some 40,000.

The cost of joining clubs varies from £15 to £30 a year for adults and £5 to £15 for juniors. Some clubs also charge a mat or dogo fee. I paid £16 subscription and a mat fee of £2.20 a session at the Judokan.

The highest initial cost is buying a judogi (jacket, trousers and belt), which have to be made of tough linen and can be used for little else except possibly a fancy dress ball or to frighten your wife. The cost of a judogi varies between £20 to £30 for an adult — mine cost £28 but will last a lifetime.


The Bodleian: threatened by shortage of funds

Where the books are cooking

SHAKESPEARE or not, the doggerel recently found by a keen-nosed scholar from Kansas shows that Oxford's Bodleian Library is one of the nation's greatest and least appreciated treasures. The Bodleian ("Bod" to undergraduates) is like a vast truffle-wood where scholars root happily about amid surroundings which, after a decade, still make me grunt with pleasure. Yet even the most short-sighted scholar must now see that there is serious trouble at Britain's second largest library, one of the most historic in the world.

The problem is lack of money. All Britain's research libraries face rising costs with sharply reduced budgets as a consequence of the government's higher education policy. Fears are now being expressed about the effect that under-financed libraries have on the quality of research in both arts and sciences. But the Bodleian's problems are aggravated by what is inelegantly called "ageing plant." This threatens to leave the library again as Sir Thomas Bodley found it in 1598: outmoded and impoverished.

Gargoyles, honey-coloured crockets and fan tracery make pretty postcards. The daily troupes of tourists—and, until recently, library users as well—knew nothing of the Bodleian's subterranean problems. In the three floors of book-stacks (undergraduate myth magnifies them into caverns the length of Broad Street) the volumes have been slowly cooking. First asbestos had to be removed; now, for up to six months from June 1986, the library service will be drastically cut while the stacks are renovated.

Costs of £500,000 will be met with a grant of £300,000 from the University, which is in large part responsible for the upkeep of the fabric. The rest must come out of the Bodleian's small endowment income, just when the pressure of day-to-day running costs becomes acute.

The Bodleian's annual grant from the University, £4m, has been reduced by 4.5 per cent in real terms since 1981; with a 3.5 per cent drop in the staffing allocation. If Sir Keith Joseph sticks to his plans, the next five years will see annual cuts of 2.5 per cent. Economies have been made, but the University's Congregation threw out a move to limit opening hours further. It may be only an intrepid dozen who return at night after their college dinners, but that is their privilege.

Indeed, part of the strong affection which users feel for this library lies in its welcoming, relaxed atmosphere. The staff are remarkably "user-friendly," whether to undergraduates or genealogy-crazed passing visitors. If you sample the Bibliothéque Nationale in Paris, the salt mine of scholarship, you will discover the difference. Consulting a medieval manuscript in Duke Humfrey's Library is the pleasure it ought to be. The beams are a blaze of heraldic devices; fifteenth-century mullioned windows overlook a quiet corner of a college garden.

Yet despite centuries accruing a fabulous collection of manuscripts, largely from benefactions, the Bodleian has never had funds to be a serious purchaser in the saleroom. Moreover, finding money for conservation is difficult; £5m is needed for a conservation unit to deal with material ranging from Shakespeare folios to the flimsiest trade journals.

Because the Bodleian, like the British Library, is a copyright library, it has received all British publications free since its creation. A mile of new shelving is added annually: nothing, however, trivial can be rejected.

For this reason you may use the Bodleian whether you are a particle physicist or researching the history of corsetery. It has its particular areas of strength, apart from the world's finest collection of English literary manuscripts outside the British Library.

Hebrew manuscripts, German Reformation tracts, incunabular and 19th century scientific journals attract scholars from throughout the world.

The need for economy has meant that foreign acquisitions are drastically reduced.

Like the British Library, the Bodleian is a copyright library: it receives a copy of all Britis publications, free. However this means conserving, cataloguing and storing an enormous mass of material: mor than 1½ miles of shelves ar occupied annually. A majo cost-cutting area has been i foreign acquisitions; for one year the Radcliffe Science Library bought no foreig books; it is still trying to fil the gaps. Cutting the boo budget means that basic text books are missing in the science lending-library for undergraduates.

Such economies undermin the whole raison d'etre of th library. Furthermore, th Bodleian's status as a majo international library will declin if it cannot adapt to moder expectations. With a two-yea backlog in cataloguing, and n subject index, it is no wonde American and many continenta scholars look bemused as the decipher the copper-plate scrip in tatty leather-bound catalogues. Computerisation i essential but at an estimate cost of £5m it is a dream; th Old Library does not even hav a ring main.

Private patronage must b sought. When a new Libraria is appointed to the now vacan position, fund-raising will b vital. The Bodleian mus capitalise on its assets; i unique historical and cultur importance. This is no time fo the reticent scholar, but rathe for a magician like Varta Gregorian, who has transforme the New York Public Librar from a bankrupt haunt fo junkies into the most fashionable fund-raising cause in Ne York. Wealthy New Yorke enthusiastically support a $44 restoration scheme whic dwarfs the Bodleian's ambition

Apart from tax incentives fo charitable donations, America philanthropists seem to respon to the idea of learning in a-wa which shames British indiffe ence. A great library like th Bodleian is not a play-pen wher all may enter, yet neither is like the library in Umbert Eco's intellectual thriller Th Name of the Rose: a gri labyrinth of forbidding schola ship. The challenge is to fin the "great store of Honourab Friends" which Sir Thom Bodley knew his library wou

Patricia Moriso

Gardening

Tulips and horticultural one-upmanship

A MAN I had never met rang and invited met to call to see his tulip tree. It was, indeed, a fine specimen, growing in what had once been a rectory garden and probably planted some time during Victoria's reign. It reminded me of the special prestige that still attaches to some trees, even kinds such as this, that have been in cultivation for a very long time.

The tulip tree arrived in England from eastern North America some time in the 17th century. There is a record in 1745 of a specimen at Waltham Abbey that was 95 ft high. It must have ben a very hold tree. The botanical name of the species is Liriodendron tulipifera, the first name meaning "lily tree" and the second "tulip bearing."

Both presumably refer to the buff-yellow flowers produced only on mature trees. Yet, I wonder if the botanist who coined these names had actually seen the flowers, for the descriptions seem inopt. They are much to saucer-shaped to be compared either with a lilly or a tulip although, oddly, the big leaves, waisted in the middle and flat ended as if chopped off with scissors, are rather like the shape of some tulips seen in silhouette.

Incidentally, this tree has nothing to do with magnolias, which are sometimes called tulip trees—wrongly, according to the experts, although to me it always seems rather arrogant to call any popular name wrong if it is genuinely used by the public.

Liriodendron is a handsome tree. Fully grown, it is far too large for small or even average size gardens, but it looks splendid on big lawns and in parks and is sometimes used spectacularly to form avenues. The tree is hardy and not fussy about soil; yet, despite its period of 19th century favour, it has never become common.

The owner of a tulip tree can be sure of arousing the interest, and possibly the envy, of less fortunate gardeners; and this little piece of horticultural one-up man ship is increased if the variety with cream variegated leaves, named Aureomarginata, is grown. Yet, although I have a general liking for variegated plants, in this case I prefer the ordinary green leaved type.

In bothc ases the leaves turn a pleasant butter-yellow before they fall in the autumn and my only complaint about this handsome tree is that its young branches are rather brittle and easily broken by wind. Mine usually requires a little careful surgery at the end of each winter.

Another prestigious species is the ginko, or maidenhair tree. This is incredibly ancient. It predates the cnoifers in the evolutionary cycle and later was almost overwhelmed by them and more advanced flowering trees when these began to spread. But it survived and is still a vigorous, healthy species much regarded in New York as a street tree because it can be transplanted when quite large and so is relatively safe from vandalism. It is an astonishing example of the prehistoric proving adaptable to the modern technological age.

This is a very attractive tree, quite different in appearance from anything else and so slow-growing that I would not hesitate to plant it even in a small garden knowing it could be enjoyed for at least 20 years without becoming a nuisance. The popular name describes the shape of the leaves, which look like individual leaflets of a maidenhair fern though greatly enlarged.

Gingko arrived in Britain about 1730 and almost from the outset has been the subject of myth and mystery. Argument still continues about its various shapes, from wide spreading to columner, and the degree, if any, to which these are linked to sex, since this is one of those plants that produces male and female organs on separate individuals.

In Britain, most of the gingkos are of the narrowly columnar type but this, I fancy, is not so much a matter of sex as of preference by nurserymen for propagating this type of tree.

As with the tulip tree, it is difficult to understand why the maidenhair has been so little planted except in the great gardens and parks. There is nothing difficult about it and there really is no reason why it should not be planted as freely as maples or cypresses.

I am even more puzzled about the continuing scarcity of the dawn redwood, or metasequoia, for this ancient tree seems to have everying going for it. Up to 1941 it was thought to be extinct, but it was rediscovered in China in 1941. When trees began to arrive in Britain after the Second World War, they proved to be beautiful, easily grown and readily propagated by cuttings. The ferny leaves are beautiful, much like those of the swamp cypress, and turn from light green to rust red in the autumn before they fall.

The tree grows at least three times as fast as a swamp cypress and my oldest specimen, planted about 26 years ago, is now 75ft high. It casts little shade in summer and none at all in winter. A cutting, taken some years later, is already 45ft high while a cutting from the mid-70s is 27ft high and putting on about 3ft every year.

Public neglect of the dawn redwood seems to be due almost entirely to nursery neglect. Since few trees have been offered for sale, no demand has built up and most nurserymen seem content to leave it that way. When I questioned one about it, he said he did not consider it a good garden tree.

We seemed to be talking about totally different plants, and I could only assume that he had never seen anything like the trio in my garden or the hillside filled with dawn redwoods in the Valley Gardens, Windsor Great Park, or the curling line of them in the well planted garden of the Jersey Wildlife Trust in the Channel Islands. It is time gardeners began to clamour for it.

Arthur Hellyer

CHESS

FIDE, THE International Chess Federation, has announced that the next Kasparov v. Karpov 24-game world title match will be played in July or August 1986, with at least the first half scheduled for Hammersmith Town Hall, London. London, with backing from a forward commitment by the dying GLC, also has an option for the second half of the series which otherwise goes to Leningrad.

Match organisers here hope for a starting date of August 10, avoiding a clash with the Kleinwort Grieveson British Championship which ends the previous day. Games are planned each Monday, Wednesday and Friday from 5-10 pm, with adjournments on the following day. Allowing for potential time-outs, K and K will be in London for five weeks.

The new announcement means both FIDE and Kasparov have retreated from their confrontation where FIDE president Campomanes required the match to start this month while Kasparov refused to play Karpov at all. His agreement followed a private K-K meeting at a session of the USSR Chess Federation.

Karpov has expressed a preference for a summer match, so the new package gives him all he could reasonably expect, with none of the feared penalties for his alleged currency evasions relating to a chess computer endorsement. The USSR Federation has set up a commission on the world championship which appears dominated by Karpov supporters such as Balashov, Krogius and Baturinsky.

Kasparov is also a member, but looks likely to be outvoted. This implies that the old guard of Soviet chess has so far resisted pressures for major personnel changes at the top under the new champion.

However, Kasparov also does not fare badly under the new match schedule. He has to play Karpov again, but he will be a strong favourite to keep his title. The next series of eliminators, originally planned to end in 1986, has been extended to 1987. Effectively, the USSR Federation has hijacked FIDE's new two-year championship cycle and converted it back to the old three-year programme.

Since all those concerned are Russians, there is little that FIDE can do except rubber-stamp the decision. Technically, objections could only come from Sokolov (who beat Vaganian 6-2) and Yusupov (who leads Timman 5-3) who will play to decide an opponent for the loser of the next K-K contest.

The real potential loser under the practical reversion to a three-year cycle is the next credible Western challenger—who could well be Nigel Short, winner of Wijk aan Zee at age 20 last weekend with a round to spare. With a three-year system, Short has only two possible matches with Kasparov—in 1990 and 1993—before he is himself over 30 and possibly past his peak and even those two chances depend on getting through the prolonged and complex maze of elimination tournaments and matches, while King Gary sits safe on his throne.

The game which virtually eliminated the last Westerner from the current title series:

White: A. Yusupov (USSR). Black: J. H. Timman (Netherlands). Grunfeld Defence (7th match game, candidates semi-final, Tilburg 1986).

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, P-Q4; 4 PxP, NxP; 5 P-K4, NxN; 6 PxN, B-N2; 7 B-QB4, P-N3?

Either 0-0 or P-QB4 is normal; the text gives White a chance of a fast strike at the underguarded black king.

8 Q-B3, 0-0; 9 P-K5, B-QR3.

Black plans 10 QxR, BxB; 11 QxP, Q-Q4 with a strong attack for the sacrificed exchange.

10 B-Q5! P-QB3; 11 B-N3, Q-B2; 12 P-KR4, P-B4; 13 P-R5, PxQP; 14 PxQP, PxP.

Opening up his own king further, but the threat was 15 PxP, RPxP; 16 P-K6, P-B3; 17 Q-R3.

15 RxP, B-N2; 16 Q-Q3, R-Q1; 17 QxP ch, K-B1; 18 N-K2, RxP. A last trap; if 19 NxR, Q-B6 ch.

19 B-R6! Resigns. The threat Q-R8 mate is decisive; one of the quickest wins ever in a world title eliminator.

Solution, Page XXI

White mates in two moves, against any defence (by A. Molnar, 1963). Last weekend Jonathan Mestel won the Lloyds Bank British Solving Championship and qualified to play in the world final in Poland. Mestel solved today's problem, but it defeated several other competitors as well as two chess editors. The difficulty is to spot a hidden defence which defeats a plausible white try.

Leonard Barden

Jotting it all down

CHRONICLE OF FRIENDSHIP: Vera Brittain's Diary of the Thirties. 1932-1939.
edited by Alan Bishop. Gollancz, £12.95, 448 pages

VERA BRITTAIN'S best known work is Testament of Youth, an autobiography of her early years in which the First World War takes central place as her fiancé Roland Leighton becomes a soldier and in 1915 is killed. The same ground was covered in Chronicle of Youth made up from her diaries.

Seventeen years later, when this second collection of diaries opens, Miss Brittain is married to the economist, academic and would-be politician, George Catlin, and has two small children, John and Shirley—the future Shirley Williams. Vera is a committed pacifist, feminist, socialist and writes and lectures on all three subjects. She is also working on Testament of Youth. The home ménage includes Winifred Holtby, author of South Riding and Vera's long time friend and confidante.

The diary is a true diary in the sense that it is not worked up into scenes but gives the impression of being an aide-memoire—which was very probably the case since Vera continued her autobiographical writing with Testament of Friendship and Testament of Experience. On the whole, the good writing and deeper thoughts went into these works. It can be frustrating: for example, to read in unexpanded entries of "long talk with G. and W. (George and Winifred) about marriage, etc., cried." Or (with Winifred) "a fascinating conversation about sex and our own temperaments," which is only slightly less titillating that an 18th-century novel.

Too often events are described without real colour, names listed without comment. Even what one must presume to be a great emotional upheaval in her life, when she falls in love with her American publisher, George Brett, is covered only by hints and quotations: "Wednesday, June 19th, 3.30 pm: 'When that which is perfect is come, that which is in part shall be done away'." In fact it was George Brett who sailed away and George Catlin, the "in part" husband who stayed.

Travels abroad, for example a longish visit to the battlefields of the First World War, or to a pre-Second World War Germany, although full and detailed, have again the unsatisfactory feel of notes for later use and development.

The most powerful passages in the diary describe the protracted death of Winifred Holtby at the age of 37. These entries have the sequential fascination of tragic fiction and, for once, the chief characters in the drama are vividly described. There is Vera, an always commanding, if heart-broken presence, Winifred, ignorant of her imminent death, Mrs Holtby, a rival commanding presence, Lady Rhondda, editor of *Time and Tide* and an even stronger rival to Vera and, most dramatically, "Harry," Winifred's great love who is persuaded by Vera to come to her friend's deathbed with a last-minute proposal of marriage. The strength of these pages makes one question the editorial decision to cut only a quarter of the material. More could have been cut and extracts added from the later diaries up to 1945.

A pre-war Vera Brittain with her two children, Shirley and John

Vera Brittain was a very hard-working woman. In 1938 she notes that she had written 45 pages of her new book in one week. In 1936 she records delivering 36 lectures between October 16 and December 8. However, present-day feminists may note that she was able to do this, despite having two young children, because she was backed up by a well-trained husband ("I don't believe irresponsibility is natural to man"), a nurse, a cook and a maid. In one entry she grumbles that, owing to the nurse's sickness and the cook's evening off, she has not only had to bath the children but then been forced to eat a second-rate meal—cooked by the maid!

The two children are both sent off to boarding school at the youngest possible age, making one reflect on the influences leading to Shirley Williams' educational policy.

This volume is called Chronicle of Friendship which is hardly apposite. Apart from Winifred Holtby, Vera's only other attempt at a close relationship was with the novelist, Phyllis Bentley to whom she showed a fatal form of patronage, as from the beautiful, loved, mother, wife, to the plain unsuccessful Northerner with "no sex experience." The relationship foundered on Miss Bentley's huge success with Inheritance which pre-dated Miss Brittain's own recorded triumph with Chronicle of Youth.

A more appropriate title for the book might be taken from her entry on her seventh wedding anniversary in 1932: "Life can be very sweet but for me all happiness for ever is a house built on shifting sands."

Her early experience gave her material for a great book, led her towards Pacificism (over which at the start of the Second World War she broke with her friend and publisher, Victor Gollancz). Feminism and also the particular strength of the survivor. In 1935, she compares herself unfavourably to her husband and Winifred: "I am trivial, because I am so much in thrall to my strong earthly desires—for love, for fame, for beauty, for success and also position."

It is an honest self-analysis and one which might have shocked the high-principled circles in which she moved. Regular facials at the Army and Navy are not usually associated with left-wing political convictions. Nor perhaps writing to "Canon Barry" at St. Paul's to find out whether there might be room for her in Poet's corner. His reply is not recorded.

Finally, a note for publishers: Vera Brittain's novel, Honourable Estate was received by Gollancz on September 4, 1936, went to the printers the same day; proofs arrived September 26, with a publication date of November 2—the whole process taking less than two months.

Rachel Billington

Risks over the years

PHOENIX ASSURANCE AND THE DEVELOPMENT OF BRITISH INSURANCE: VOLUME ONE 1782-1870
by Clive Trebilcock. Cambridge UP. £40.00, 792 pages

THE HISTORY of the Phoenix, a "late" pioneer in fire insurance, and its sister office in life assurance, the Pelican, was commissioned by the group to mark the 200th anniversary of one of the largest and most successful of British insurance companies. The 1984 merger of Phoenix Assurance and the Sun Alliance and London Assurance Group, an even earlier foundation and long-time competitor, adds yet another chapter to the history of survival and expansion through combination. It provides a second reason for this commemoratory volume.

This is not, however, the traditional laudatory account of the development of a commercial company but rather an impressive, indeed magnificent, contribution to the new genre of business history which is so radically changing our conceptions of British industrial and commercial development. Like recent studies of ICI, the Royal Exchange Assurance and W. H. Smith, this book should command a wide audience. It is, admittedly, a vast enterprise; nearly 800 pages and that only the first of a two-volume study. It is copiously illustrated with unexpected fascinating etchings, photographs and paintings. Clive Trebilcock writes with flashes of ironic wit, an eye on the general reader.

Using the company's rich archival sources, extensive for the Phoenix and ample for the Pelican, modern tests of business efficiency are applied to the histories of both fire and life assurance firms. This results in a critical assessment of entrepreneurial performance during the early and middle phases of the companies' development. Instead of a series of individual managerial portraits, Clive Trebilcock presents managers and agents as a distinct group of decision-makers and relates question of social origin, interests, skills and connections to the choice of options and the handling of markets, risks, competition and investment opportunities. The founders of the Phoenix were a group of sugar refiners faced with a serious crisis in their trade. They were manufacturing specialists operating within a mile of Lombard Street who shared common experiences and views.

What is most fascinating about this history is the manner in which the development of the Phoenix and Pelican anticipated by so many decades the practices of British industry in the second half of the century.

For while keeping to the central brief, Mr. Trebilcock's account goes far beyond the story of Phoenix Assurance. Insurance touches on a mass of related topics and worlds ranging from fire-fighting practices, the sociology of fraud, arson, the growth and geography of the City to the much debated question of aristocratic indebtedness and the shifts of wealth in mid-Victorian Britain. Contrary to the conventional view that the growth of life assurance was a function of middle-class power and virtue, the Pelican, even at mid-century, sold the great majority of its policies to the aristocracy and gentry and was all too concerned with the financial difficulties of its landed clientele.

On a vast number of subjects, the study of the Phoenix provides both a commentary on more general patterns of British management in the financial sector and an introduction to a whole range of questions pertinent to Britain's economic adjustment to a changing commercial and industrial environment.

One feels that behind this volume there lurks an even more ambitious, if yet unwritten, account of British commercial practice which will convincingly challenge a number of inherited orthodoxies. For the present, one is grateful that Phoenix Assurance has commissioned a business history on the grand scale. Clive Trebilcock has more than fulfilled his brief.

Zara Steiner

Sisters' cloistered lives

IMMODEST ACTS: THE LIFE OF A LESBIAN NUN IN RENAISSANCE ITALY
by Judith C. Brown. Oxford, £12.50. 214 pages

IN 1619, near Florence, the nuns of a Convent of the Mother of God adorned their chapel and watched and prayed while one of their number publicly married Jesus, just as he had told her, she said, in a long vision, ended by a fond embrace. Four years later, she was on trial for passionate sexual escapades with a younger nun.

Judith Brown has written a first-class book which will fascinate anyone, even a male chauvinist. It centres on a most individual person. It strikes an easy balance between the particular and the general. Judith Brown teaches history at Stanford University, but she knows how to write elegantly for people who find history hard to read. Her story is based on those godsends to social historians, records of the investigations of religious scandals. She found them, unexplored, in the State Archive in Florence. She has woven her narrative without any of the pretentiousness of Montaillou or the arch and teasing fiction of the Name of the Rose. So far as it goes, I prefer her book to either of those big titles. It stops, however, when its documents stop, an honest ending, but a very tantalising one. I recommend it very strongly to dramatists and film-makers and I found myself thinking how Arthur Miller might have filled in its outlines.

Perhaps the discovery of the first well-attested Lesbian in a pre-modern convent does not surprise you. Boarding girls will be girls, and by the law of averages, these things happen. Judith Brown's book confirms the sort of stereotype which outsiders take for granted. Usually, history books undermine them, but hers has such a familiar ring that it is tempting to jump across four centuries and apply our own amateur psychology. Sister Benedetta rose to be abbess of an up-and-coming convent in Pescia, near Florence, between 1619 and 1623. She attained fame through her visions and stigmata, but she then divided her nuns by her harsh rule and came unstuck when Sister Bartolomea told investigators that the abbess had often called her into her office and had some very active sex with her. At this point, Judith Brown observes, the handwriting of the transcript becomes confused and over-excited. We share the scribe's astonishment at this fine coup de théâtre.

Sister Benedetta is said to have persuaded her partner that the actions were not hers, but her male guardian angel's whom she named Splenditello. Psychologically, it is most revealing: their Lesbian sex life was made intelligible by being ascribed to an invisible male. I could not help thinking of the third person masculine identities, assumed by Edwardian society Lesbians: "Julian," and so forth. "Splenditello" had already appeared to his protégée in all manner of visions: he is a permanent addition to my imagination and one of the riveting details in this book.

Judith Brown prefaces her story with a plain account of the unmentionable sin, sodomy between women, and even more interestingly, the legal definition of it. She has a marvellous way when describing visions and even a graphic exchange of hearts between Christ and his "bride," Benedetta. These experiences brought power, fame and a superior identity to their subject, the child of rich and pious farming parents. We should also remember the nature of a convent. If you had several teenage daughters and a certain amount of money in pre-modern Europe, you did not struggle to place them in boarding-schools or on courses in interior decorating. You bought them a place in a decent convent. It was not cheap, but it was cheaper than paying the going rate of dowry for a good-class husband. It was not easy, either. The snobbery of Mother Superiors is an enduring fact of Christian history: they excluded undesirable applicants and *only* admitted nice girls after a vote. Good-class convents were highly sought and became a builder's market, like homes for ageing gentlefolk in the modern south-east.

By nature, few of these discarded daughters were wholehearted brides of Christ. Like girls' schools, their houses were rife with favouritism, cruel gossip and "dares" with young men of the town at the nunnery grille. The newer homes had a hard struggle to gain official recognition as wholesome and saintly places: at first, Benedetta's visions greatly raised her convent's status. Splenditello and his like then revealed some fierce words for misbehaving members of the order. You can see how the temptations and the conflicts developed. Was Benedetta the innocent victim of a colleague's sexual allegations? Somehow, I suspect not. She ended in prison for 35 years, dying aged 71. When only 30, she believed she had seen, embraced and publicly married Jesus: "as in all love affairs," Judith Brown remarks, "the perfection of the loved one does not always measure up to the expectations of the lover."

Robin Lane Fox

Fiction

Young lag who came home

REDHILL ROCOCO
by Shena Mackay. Heinemann. £9.95. 171 pages

THE BUS OF DREAMS
by Mary Morris. Hamish Hamilton. £10.95. 236 pages

WORLD'S FAIR
by E. L. Doctorow. Michael Joseph. £9.95. 275 pages

ALTHOUGH THE short story is now showing welcome signs of a revival after many years in the doldrums, Shena Mackay is one of the very few writers who is a natural practitioner of it. The profoundest things she has to say come to her in that form. So a novel for her is something of an experiment. It is not often that an experiment is a triumph, but Redhill Rococo certainly is. Within its deliberate limitations it is technically almost impeccable. More important, it is exquisitely readable: funny, moving, and altogether a delight. If technique was what won prizes then this would collect them all; but then if readibility, intelligence and acute observation was what won them, it still would. I hope it is taken very seriously by the panels of judges who are interested in art and not in fashionable pseudo-feminism and hype. Here is a woman who can write nearly everyone else off their feet.

The novel is a saga of contemporary Redhill. A young man, Luke, comes from prison to a Redhill semi on the nod of one of his fellow inmates. He is plunged into the life of the town through which he becomes involved with the family: he falls in love with Pearl, mother of four, employee of a sweet factory, and occasional prostitute. She will not distinguish him from anyone else, and so he enlists the help of Major Moth, the local witch-doctor — but not with the results he wanted.

Ms Mackay is as relentless as ever Evelyn Waugh was in her exposure of her characters, but she has no malice. Instead, having outdone any contemporary novelist in her depiction of the godawful, she is able by some miracle to celebrate its vitality. Redhill Rococo is a tour de force: it is a wildly comic extravaganza which is also moving and thought-provoking. It is one of the most generous works of fiction to be published for many years.

Mary Morris, an American who has published one previous collection of stories and a novel, writes skilfully and unsentimentally in a lucid, clipped style. Her new stories are all about various kinds of separations and misunderstandings between people: things which will never, can never, be put right. A man who fuels spacecraft at Cape Carnaveral knows that a man will one day walk on the moon. But his wife hates him and so calls him a dreamer, thus coming between him and his daughter, who as she starkly narrates the tale in retrospect, implies, without ever stating, her sense of adult loss.

Everything here is beautifully executed and extremely civilised, but some of the stories are too slight. However, a few, such as the title story, are brilliant, poignantly illuminating, and deeply felt. A great deal is implied in them.

E. L. Doctorow, author of Ragtime, also writes lucidly and laconically: but he implies much less. World's Fair, set in New York in the Depression years leading up to the New York

Shena Mackay: unmalicious satire

World Fair of 1939, is told in two voices: from the point of view of the small-boy protagonist, and from this same point of view when he is an adult. The author fails to make this technique work in a vital way, despite dutiful attention to detail and patent sincerity. It would have worked much better had he set about writing his autobiography, of which one imagines this is a version.

The material has been covered so often before that a new perception is needed to bring it alive for us. Both the child's and adult's perception here are unhappily stereotyped, as if the author had actually set out to write a "classic" of childhood which would be acceptable to all. Yet what makes classics classic is that mysterious quality that makes them unacceptable and yet irresistible. There is, alas, nothing irresistible about this somewhat turgid and episodic account, worthy though it is.

Martin Seymour-Smith

Long to reign over us . . .

THE ULTIMATE FAMILY: THE MAKING OF THE ROYAL HOUSE OF WINDSOR
by John Pearson. Michael Joseph £12.95 307 pages

THE MONARCHY is more than the monarch. It is a family. It has marriages and divorces, problem children, scandals, black sheep. It is a diverse group of professionals, doing an extraordinary job.

John Pearson deals with this group in its latest phase in his lively book, which takes a look at ancillary services, which would not have been mentioned in earlier studies for the good reason that they kept well out of sight. The press secretary, for instance (present incumbent Michael Shea); the photographers, on whom royalty depends for the image it projects to the millions. Between the photographers and the Palace a wary truce reigns. As Prince Charles said: "It is when you characters don't want to photograph me that I have to worry."

The image-builders, photographers, couturiers, stylists—such craftsmen have taken over and extended the picture of the old-time courtiers. The power of royalty has long since gone, but the influence remains, subtly filtered to a vast and not wholly female public.

John Pearson is especially interested in the royal machinery, and how it has been adapted over the years to change the family so as to fit the needs of a changing world. Obviously the Duke of Edinburgh, a modern man if ever there was one, has been a leader in this movement of change. In 1967, he told a news conference in Canberra "No one wants to end up like a brontosaurus, who couldn't adapt himself, and ended up in a museum."

But what did change mean? Some who gave advice suggested that the monarchy should move towards the unpretentious "Scandinanvian" ideal. Others remembered their Bagehot. "The more democratic we get, the more we should get to like state and show, which have ever pleased the vulgar." Television, above all, decided the issue.

The English rediscovered their national gift of showmanship—royal funerals, coronations, weddings, jubilees; each spectacle was more splendid than its predecessor, and on a larger scale. Westminster Abbey was venerable but cramped: St Paul's took over.

But, of course, behind it all, behind the frocks and the flags, there is a less glamorous reality! A diligent lady beavering away at the scarlet boxes stacking up on her desk. A tedious job? Sometimes. But more often a fascinating one.

Reading the papers the boxes contain, the Queen becomes, in time, more knowledgeable, more professional than any of her advisers. She must listen to them; they will be well-advised to listen to her. Incidentally, let us hope that, as time passes, the Prince of Wales is allowed to see more and more of those papers.

And now, having passed through many difficulties, having weathered a storm or two, the ultimate family sails over calmer seas. If gales lie ahead, as is quite likely, the ship is well-equipped to meet them. In the meantime, its prosperity is no accident, but the outcome of intelligent labour by a large number of dedicated people, both in and out of Buckingham Palace. It is, in fact, as John Pearson says, a considerable achievement.

George Malcolm Thomson

Globe-trotter

REFLECTIONS IN A WRITER'S EYE: WRITINGS ON TRAVEL
by Angus Wilson. Secker and Warburg £9.95, 184 pages

HAVING LATELY exchanged wet Suffolk for the solarium of Provence, Angus Wilson sends back from self-exile a record of earlier trips abroad. Unfortunately, his traveller's eye is cloudy and dull. A sample of prose: "There is some electronic work in Guernsey which absorbs surplus labour." Redolent, is it not, of the geography text-book, rather than an inquisitive novelist's peregrinations?

Wilson seems to lack the keen eye and the sharp ear that is necessary to denote idiosyncrasy and spirit of place; his method is to turn the world into a zoological garden, each species safe in its sealed compartment. In "Confessions of a Zoo Lover," a squib of 1964, Wilson's preferred animals are the domesticated ones: chimps or dolphins or seals. Savage beasts have to be tamed: lynxes, pumas, dingoes, "transformed by chlordiazepoxide into the friendliest of creatures," become a row of pets.

He likes his homo sapiens to be similarly zonked. Wildlife begins at home with what Wilson, archly and anachronistically, calls "the working-class." You may spot these toads in Brighton, where they gorge on whelks and suck candy floss. Their lairs are adjacent: "industry has increased and a large engineering works is bringing working-class housing estates to the perimeter of the town." The middle-class, meantime, stroll on the piers and listen to Gilbert and Sullivan—like genteel alley-cats.

Venturing further afield, Wilson finds in South Africa (his maternal homeland) an extravagant instance of segregations. Indeed, the tribal divisions make for a commodious human zoo. The whites, blacks, coloureds, Afrikaners, Asians: species are snarlingly distinct, snapping without mercy at those who transgress against the territorial, and psychological, borders. This is 1961. *The zoo is there still.*

Wilson likes to mock the white's attempts at civility and creature comforts. In one particular den, "art nouveau lamps survive unnoticed where an equivalent English housewife would have cleared them away." It is a venial slip; an animal pretending to be what it is not. Wilson penetrates the camouflage and display. Bric-a-brac, in this writer's cold eye, defines its owner's station: the South African gentry fail to live up to their blue china.

The Japanese (visited in 1957) are also wanting in good breeding. Wilson mistrusts their desperate courtesy; behind the charm (and for Wilson "charm" is a term of abuse: Mishima has it, foreign food has it, and "Afrikaners have great charm") lurks the desire to get pig-drunk. Off with the kimono and down with the saki. Feeding time is a liberation from polite manners. Grog, especially, reveals animalistic aspects in its imbibers.

Tokyo is depicted as a warren; an Oriental version of Dickens's teeming London beehive (and Wilson is the author of The World of Charles Dickens). The city buzzes and crackles with "a people living on their nerves"—less, then, the orderly chaos of the honey bugs than the anxiety of startled rabbits?

India is yet another continent of incontinence. Where Japan was industrial and indus-

Sir Angus Wilson: getting around

trious, however, Delhi and Bombay are squalid and diseased: a malodorous zoo ("a Dickensian theatre"), suffering as from the evil-eye. Moslems, Sikhs, Hindus and Parsis jostle in a mad menagerie. Yet Wilson gives no flavour of the mad menagerie. He might as well be motoring through a district of Birmingham.

In Sri Lanka, it is pleasing to read, it is Wilson himself who is in the cage. The human zoo contains even the writer. He is gawped at by rude boys and sly girls; one child (in Sri Lanka?) mistakes him for an off-season Santa Claus. Wilson's white fleece is an object of curiosity in America, too: Wilson is told by complete strangers that he resembles George Washington and Albert Einstein. An old dame even begs leave to stroke the flowing locks. This book, though, is not even dew from the lion's mane; it is the equivalent of jettisoning old postcards when moving house.

Roger Lewis

Among friends and houses

MIDWAY ON THE WAVES
by James Lees-Milne. Faber and Faber. £10.95, 248 pages

IN THE first days of a New Year, many resolve to keep a diary. Few persevere. In 1942, on January 1, James Lees-Milne started to write almost daily accounts of his work, his life, his friends: Midway on the Waves covers 1948 and 1949, and is the fourth and regrettably final volume of the diaries to be published. It is more serious than its predecessors, cakes and ale are in shorter supply, and there is death and sadness, lovelessness and then love found.

As in the preceding volumes, there are irresistible accounts of diverse characters, Harold Nicolson (reminiscing on Byron), Cecil Beaton as a host, K. Clark erudite, Ivy Compton-Burnett at tea, Nancy Mitford in the New Look, and Daisy Fellowes, "Sharp as a packet of needles and capable of seducing God." In his anecdotes of the gratin of the literary, artistic and social worlds, Mr Lees-Milne has written the Goncourt Journals of his time.

Looking back in nostalgia, the late 1940s seem appealing, an age before colour supplements, supermarkets, motorways, tourism and VAT. The author, as a bachelor, lived agreeably on a salary of £600 a year. Yet for those with the responsibility of ancestral houses they were dark days; taxation and death duties were levied as if on a defeated nation. Mr Lees-Milne worked for the National Trust (then miniscule, with a staff of seven), and often encountered decay and despair. Lord Jersey was so frustrated that he threatened to sell Osterley lock stock and barrel (as Mentmore was later) but was diplomatically persuaded by the author to negotiate with the government.

Sir Stafford Cripps, the then Chancellor, and a man of the greatest personal austerity, mooted a plan whereby the hundred best houses alone should be saved. This was fortunately opposed by the Trust, one excellent reason being "What is considered bad art today may be considered good art tomorrow." (I wonder if the author has now overcome his dislike of the Royal Pavilion, that stately pleasure dome, which he then decried as hideous?)

Mr Lees-Milne understands that a good diarist records matters trivial as well as monumental. He notes that the cost of a box at the Opera and supper for four at the Savoy came to £9. Dinner in an old-fashioned house was reduced to four (exiguous) courses, and guests there were still, as before the war, expected to arrive on the dot: to appear five minutes after the stated hour was to be late. He meets Count Metternich, who told him that he remembered London in 1903, and that the streets were congested with horse traffic and noisier than they are today: "From a distance, say, in the middle of Hyde Park, there was a thunderous rumble of horse traffic that was unique to London."

Reviewers of previous volumes of the diary describe Mr Lees-Milne as quirky and prejudiced. I find him neither. He is highly fastidious, and therefore a perfectionist, true Edwardian qualities. He and Doreen Baynes decide that their desert island companions should possess graceful ways rather than high intelligence. He praises fortitude and courage and kindness, especially in the older generation . . . "Angelic Lady Throckmorton, noble and splendid." For ill manners he gives no allowances, and for those whose standards have slipped, there is cool comment —"the girl who has let her appearance go in favour of diocesan work."

Like Henry James he is intolerant of "redundant contours" in architecture, the human form, and in the written word, and it is his linear, laconic style that gives the diaries their wry, dry savour. Parva sed apta. In 1948 Mr Lees-Milne's now classic work on Robert Adam had just been published: "During port I talked to old Lord Courtauld-Thompson, who expressed a wish to read my book. I said there was nothing to prevent him."

Jane Abdy

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Clement Crisp on the Sadler's Wells crisis

Begging bowl tactics

CAUGHT between the devil of the Arts Council's view of its relationship with a unique metropolitan theatre and the deep red sea of Islington Council's rate-capped reluctance to take on another client; denied help from other bodies set up to help organisations hitherto supported by the GLC, Sadler's *Wells Theatre sits with its* begging bowl outheld for a mere £267,000.

Mere, because the sum represents just 10 per cent of its *annual income.* Mere in relation to the £25m allotted by Government to the Arts Council to replace GLC funding, albeit this sum is £10m short of demand. Mere in relation to Islington Council's budget of £85.5m which still—according to an Islington Ratepayers' Association leaflet—permits the council *to increase services* and staff. Mere, most significantly, because no authority seems to comprehend just what the Wells represents in historical and actual *achievement as a dance* and *music* house whose needs—in letters which Stephen Remington, its director, read out at last week's emergency conference—both *Lord Gowrie* and Richard Luce as successive Arts Ministers indicated would be recognised.

In Monday's Financial Times *Antony Thorncroft,* writing about the South Bank Board's plans, noted that the Arts Council's policy was "to decentralise its activities to Regional Arts Associations, and give to the new and promising at the expense of the old and mundane." He further commented that the council "hopes that a *show business* millionaire such as Andrew Lloyd Webber will buy Sadler's Wells with its great name and solve the crisis."

This Arts Council hope for an entrepreneurial White Knight on a golden charger is counter to everything that the theatre has set out to achieve in matter of independence and creative programming. *The idea that* what Sadler's Wells has shown in its seasons may be qualified as "old and mundane" is not borne out by any survey of its offerings. The Arts Council's outlay of funds upon often dispiriting little dance troupes and an undistinguished regional ballet company—in 1984-85 £43,000 went to *Mantis;* £381,000 to Northern Ballet Theatre; £40,000 to Second Stride; £100,000 to Extemporary; £60,000 to Janet Smith; and £51,000 *to dance and mime* awards in addition to the *further* £180,000 disbursed to smaller mime and dance clients —set against its unwillingness *to support the Wells as a special* and meritorious case, is the equivalent of artistic flat-earthism.

It is ironic that just three *years ago an Arts Council Opera* and Dance Study Group report could declare that "the art of dance calls for special consideration from the council because of the tremendous growth of interest in the medium and the need, *inter alia,* for adequate metropolitan housing," and went on to urge close consultation between managements of interested opera and dance companies and that of the Wells to plan "the presentation there of appropriate works."

Of course the Wells *is not yet* an ideal dance house. Peter Wright, director of the theatre's half of the Royal Ballet (currently on a flag-showing tour of *North* and South America) once highlighted the difficulties of the stage as he stood, at a fund-raising gala, kicking at a pillar on stage. But a new community *theatre has* been built with GLC funds. There are plans for the improvement of the stage. The Wells, ancestral home of our national ballet and national *opera, is* for SWRB both a base and an essential centre for work, not least because of the specially built John Cranko studio. For two other major *troupes—Ballet Rambert* and London Contemporary Dance Theatre—it is their only metropolitan show-case.

The "receiving theatre" *canard,* which has blocked Arts Council funding, is difficult to *believe* in the light of SWRB's existence (and that of the New Sadler's Wells Opera) as part of *the theatre's identity.*

No less important than its offspring and regular annual customers are the visiting troupes for whom the Wells is *the most welcoming* and *only* viable London theatre because bookings are not dependent upon the unpredictable runs of "commercial" management. *But for the Wells we should* not have seen important seasons by Merce Cunningham, Twyla Tharp, Pina Bausch during the past couple of years. Ballet companies from America, Canada, France, Portugal, Venezuela; folk troupes from Africa, Spain, Greece, Thailand, Korea; Kabuki; modern and post-modern dancers from America and Europe, and some of the ensembles in the Dance Umbrella seasons, all have *found the only possible location* for London showings—vital for them as for British audiences. Furthermore, the loss of political face in the event of the cancellation of the October visit by the Central Ballet of China, at a time of the Queen's visit to China, will mean damage to the happy cultural relations now established with the People's Republic.

The Wells must be rescued before its threatened May closure, and its future security *guaranteed. A second task,* and one implicit in the GLC's grant to build a community theatre, is to modernise the stage and make the theatre even more significant as the specialist dance house for London and Britain.

An unpleasant aspect of the *present crisis is the way in* which the Wells's management was prevented, by the lateness of the Arts Council's decision not to fund (taken only two months ago), from being able to raise cash to maintain operations this year until such time as wiser and less blinkered counsels prevail. The danger is *that, with no future beyond* May, forward planning becomes impossible at worst, and at best haphazard. The best thing that sympathetic and interested *sponsors—commercial, private,* charitable—can do in order to register a telling protest against present Luddite policies might be to withhold benefactions from Arts Council clients *until* such time as decisions are changed, and transfer their funding directly to the Wells.

A gala performance tomorrow night at Covent Garden is a gesture of solidarity with the Wells by many companies who appear at the theatre or, indeed, owe their very existence to that dear temple. Artists from the Royal Ballet, Royal Opera, English National Opera, Ballet Rambert, London Contemporary Dance, London Festival Ballet, London City Ballet, Michael Clark and dancers, the Royal Ballet School, are rallying to a cause which should engage the sympathies of everyone who values the standards of the lyric arts in Britain.

Does this include the Arts Council?

Heritage in jeopardy: Ninette de Valois and Robert Helpmann in the 1933 production at the Wells of "Douanes"

Video

Pushbutton love

"IN THE SPRING," wrote the poet *Tennyson,* "*a young man's* fancy lightly turns to thoughts of love." But he wrote this 140 years before the video age. In the era of time-switching and *of pushbutton emotions,* we no longer wait upon the seasons for our intake of romance. It comes beaming out at us whenever the film or video companies decide the *time is right.*

The time is apparently right this month. As everyone falls head over heels in love with everyone else, the video market *looks* like an amorous acrobatics display. Best is *Falling in Love* (CIC), in which a goofy plot — married construction engineer falls for ditto graphic artist and *they conduct a chastely blissful amour* all around tourist New York — is transfigured by spellbinding performances from Robert De Niro and Meryl *Streep. He is a crinkly-smiled* whiz kid with Italian hand-weave gestures, she is an ethereal madonna with an ability to giggle, gasp, emote or go gooey-eyed according to the emotional dictates of the moment.

Talking of Madonna, we have *Crazy for You* (Warners). In this video *première — never* seen on the big screen — the red-hot rock star not only belts out most of the soundtrack but also swings into view, shimmy*ing and snarling as if she has* seen and copied her *Spitting Image* persona, in a discotheque sequence. Meanwhile, stars Matthew Modine (high school *wrestling* champ) and *Linda* Fiorentino (aspiring painter and Bohemian) negotiate the swings and roundabouts of a touching un-twee romance. Recommended.

If you are still unsated with sentiment, you must sample *The Frog Prince* (Warners). Despite a title actionable under the anti-xenophobia laws ("Frog" here means French), writer-director Brian Gibson finds romance and wit in the tender collision of an English girl and a French student at the Sorbonne.

The true place for romance is, of course, in opera and this *month brings forth a bevy. Love* in opera is nearly always twinned with tragedy or malign destiny—otherwise there would be nothing for the mezzos and bass-baritones to do while the tenors and sopranos lyrically warble—and *Don Carlo* (Thorn-EMI) and *Der Rosenkavalier* (Thorn-EMI) are classic ex*amples. These are the* Covent Garden productions. In the first Ileana Cotrubas and Luis Lima try to find each other with outstretched fingers and voices in Visconti's gloriously tenebrous sets. In the second we have producer John Schlesinger in *sachertorte* mood and Kiri Te Kanawa as chief canary. Also fresh off the opera stage is Glyndebourne's *Carmen* (Thorn-EMI) with Maria Ewing.

"Enough of love and destiny!" I hear you cry. Is there not something livelier and more action-packed on the month's menu? Very well, I must reluctantly announce the release of *Rambo* (Thorn-EMI). Sylvester Sallone carves up Vietnam in this gung-ho bloodbuster that has broken most box-office records and will no doubt be stampeded towards now by ravening video viewers.

Why not stampede instead towards *How The West Was Won* (MGM/UA)? This three-part Western epic by three different directors (John Ford, Henry Hathaway, George Marshall) was originally made in Cinerama, so nerve yoursef for some lopped compositions. But thrill also to an all-star cast (Fonda, Peck, Stewart, Wayne), fine action sequences, eye-boggling landscapes and an irresistible sensation of they-don't-make-em-like-that-any more.

Nigel Andrews

Michael Coveney celebrates the Arts Theatre's jubilee

John Bull's other playhouse

MONDAY night's opening of *John Bull's Other Island* at the Arts, Cambridge, marked the 50th anniversary of the theatre founded at his own expense by John Maynard Keynes. It opened on February 3 1936 with the Vic-Wells Ballet in *Facade* (with Fonteyn) and *The Rake's Progress* (with Helpmann).

Not just Keynes's money was behind the launch. He also brought to bear that educational zeal which led to the foundation of the Arts Council, a zeal that is a rarity in these dog days for the performing arts. His colleague and fellow trustee was George Rylands, the King's College don known to all and sundry as "Dadie" who launched the latest appeal for the Arts with a personal donation of £33,000 and who, last Sunday, directed Peggy Ashcroft and a cast of Cambridge alumi — including Peter Hall, Trevor Nunn, Arthur Marshall, Richard Baker, Ian McKellern and Derek Jacobi — in a programme of Cantabrian anecdotes and Shakespeare snippets.

The £1m appeal, which is edging towards the £800,000 mark, is needed to improve facilities in the 600-seater auditorium, a place of delightfully unfussy intimacy and art deco polished walnut panelling interior; also to bolster the endowment fund which is running low since £100,000 was raised in 1960 to cover inevitable losses on productions.

A measure of the problem facing the Arts may be gauged from the fact that, to break even on a show like *John Bull,* provided by the city-based Cambridge Theatre Company, every seat in the house must be sold. On late Monday afternoon, 40 tickets had been sold for Tuesday night.

The Arts has a unique place in the cultural life of the country. Every major British classical actor has played there. The Marlowe Society's annual production, and the affiliated recordings of Shakespeare directed for the Argo label by Rylands, represent the inner sanctum of the British verse-speaking tradition and the standard by which Hall, Nunn and John Barton have run the Royal Shakespeare Company. It is a showcase for the Footlights and the University drama societies, a key touring date for dance and opera companies. Its cinema has long been a regional programming pioneer.

To mark the celebrations and the appeal, the Fitzwilliam Museum is housing an exhibition of memorabilia and photographs in the Octagon Gallery (until March 23, open afternoons except Mondays). Here is Trevor Nunn, looking like a teenage Mod, cariacatured above a 1962 programme biography in which he says he has a duffle coat that is a decade old and is a decayed old duffle coat. No sense of humour, the note continues. And there is McKellen and Jacobi, eyes not meeting as Friars Bacon and Bungay two years earlier.

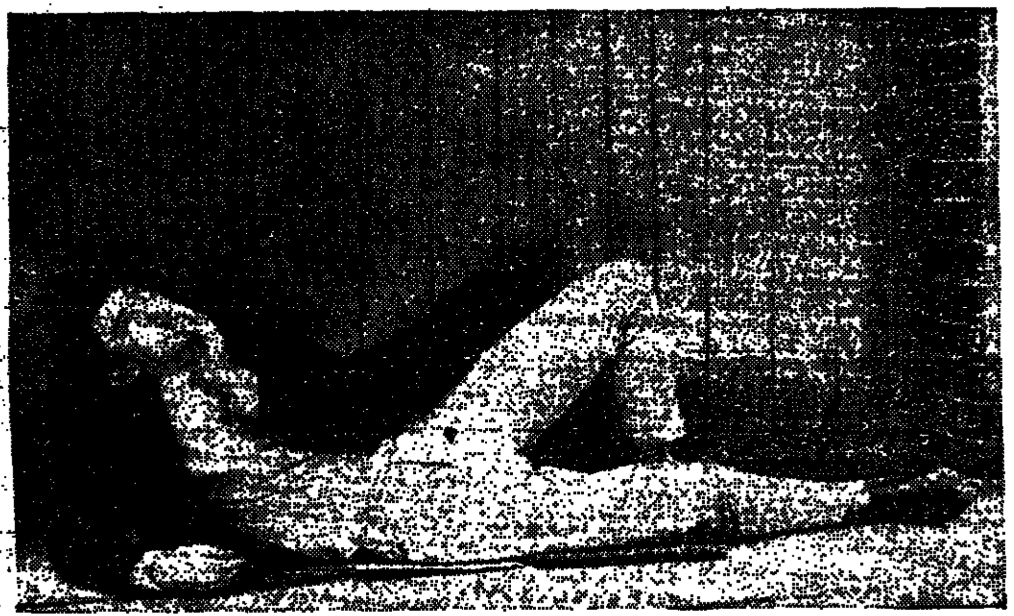
The display suffers from the British theatre history disease of being thrown together and sloppily captioned (although it is a slight improvement on the OUDS centenary débâcle in Oxford last year). Can that possibly be John Barton as a bare-chested (guess) Hercutio in 1952? And that must surely be a golden-haired Dadie standing alongside Joyce Carey in a '49 *Oedipus.* Simon Phipps, now the Bishop of Lincoln, looks an impressive Patroclus in a '48 *Troilus.* But should a Cambridge exhibition include a musical *Zuleika,* even if John Pardoe *was* in the cast?

How little we care about *documenting our theatre history* is demonstrated by the continuing struggle to establish the Theatre Museum, the *threat hanging over the British* Theatre Association and its library, the lack in the Fitzwilliam of any sustained record of the companies fostered at *the Arts—Prospect, the Actors',* now the CTC, all of them backbones in the Arts Council's middle-range touring policy.

Rylands, a beaming, spritely 83-year-old, retired as Chairman of the Arts' trustees two years ago but remains the central figure in its fortunes. His general manager, Andrew Blackwood, was confident this week that the appeal would reach its target. Sunday night's gala raised about £12,000. Mr Blackwood looks at the prices in the stockbroker belt's Yvonne Arnaud and keeps them just under that level.

He laments the demise of small classical dance companies who might pull in the adolescent girls and their families and is worried that the Footlights these days provide a vehicle for a few would-be radio and TV stars and not, as old, a romp for town and gown with a cast of 12 and a band of 22.

In 50 years, the Arts has never closed, despite a few close shaves. A malcontent, perhaps an astute critic, once set fire to the place the night *before Cyril Fetcher opened in* pantomime, but a burst water pipe extinguished the blaze and saved the day. Its future, though not assured, looks safe *with so many friends and professional* beneficiaries to beat the drum.



Trevor Nunn, Arts Theatre graduate, directs the Footlights revue of 1962 and contemplates the future

Radio

Pitched battles

TWO OUTSTANDING plays this week. On Sunday there was *Richard II* on Radio 3, with John Hurt. His Richard was firm and authoritative; the pattern was truly set at "We were not born to sue but to command." Momentary weakness at Berkeley, when he heard about the Welsh; pathos at Flint, though never misery; mostly, an unquenchable confidence such as he showed against Exton and his thugs at Pomfret. David Suchet's Bolingbroke was still half-regretful of his actions; I liked the subtle pause, before Flint Castle, when he said "Henry Bolingbroke on — *both* his knees." Harry Andrews could not fail with Gaunt's great apostrophe to England; Anne Bell was a young, not too pathetic, Queen; I specially liked Bernard Brown's speaking of the Bishop of Carlisle's lines.

I did not approve the absence of any varied resonance — *Richard and Bolingbroke at* Flint might have been side by side. I disliked the pronunciation "Boalingbroak"; I resented the reading of the stage directions, which *is not fair of me;* I could not see the point of a sennet, or tucket, played when the Duchess of York came to Bolingbroke to plead for her *son Aumerle. But on the whole,* Richard Wortley's direction was a success.

Then on Monday came a welcome revival of David Mercer's *The Parachute, written for television,* now adapted by Nigel Hawthorne. This complex piece, set (mostly) at the beginning of the Second World War, in Ger*many, concerns a young* German, Werner von Reger, who deliberately courts suicide when testing an experimental parachute. This is an illustration of the *contempt* bred in him by his consciously aristocratic father for people who obey foolish orders given b common people like Hitler.

The story-line veers around i time and takes in a variety o sub-plots: the shooting by Communist cousin Anna, of homosexual Heinie Schacht, th friendship of fellow-soldie Klaus, the enmity of Koepfe and most of the other fellow soldiers, the hint of a concentration-camp on the Reger estate. Every incident add depth to Mercer's masterl character-studies of his peopl Werner was kaleidoscopicall played by Kenneth Branagl hopping out of his basic charac terisation to become a boy, drunk, an invalid—a splendi performance. His haught father was haughtily played b Jack May, his cousin Anna b Tessa Wojtczak.

To stay with the drama, *there is an uncommon shortag* of those little "New Series panels in this week's Radi Times, a word for Tuesday Thirty Minute Theatre on Radi 4. *Owen Holder's Parting* was well-written piece about a mar tal dispute between an about-t be-divorced couple, who bega with a series of quarrels abou *how to divide the contents* the house between them, an led to a punch-line where th respectable old pair who ha come to look over the house ha *pinched all their most treasure* items. But I think Mr Holde made a tactical mistake by fo lowing his punch-line with post-punch-line in which th couple (Richard Durden an Natasha Pyne, they were reconciled because they had much enjoyed their farewe rows. A punch-line is a punc *line, where the tale should en* As for the comedy with th announcer at the end, I ca only suppose that Ian Cotter the director, found he had tw *minutes he couldn't fill.*

B. A. Youn

Saleroom

Sporting guns take aim

The game books of Earl de Grey, a legendary shot

A FORMER convent is the new home of Sotheby's expanding Modern Sporting Guns department. The grounds of Summers Place, Billingshurst, Sotheby's new base in Sussex, will soon echo with the crack of gunshot as clients try out prospective purchases on clay pigeon traps within the 37-acre estate, previously devoted to the quieter *pursuits* of the Sisters of the Immaculate Heart of Mary.

Regional gun sales, particularly the annual event at Gleneagles, have been increasingly successful over the past decade, while responses to the department's London auctions have remained low-key. The first sporting guns sale in Sussex, at Sotheby's former saleroom in Pulborough last April, attracted more than double the audience of 100-200 which *has* traditionally attended London sales.

The market has been steadily growing since the beginning of the 1970s when inflation forced up the prices of hand-crafted sporting guns. A new game firearm from one of the three acknowledged English masters (Purdey, Holland & Holland and Boss) can cost £13,500 and take three years to build. (Many shooting enthusiasts put down their names in advance for a gun much as they do for schools.) But a fine second-hand gun free of defects costs between £4,000 and £9,000 with no waiting list. Guns up to 100 years old, carefully preserved, can be perfectly efficient in the field today.

There is the option of cheap, new imports from Spain, Italy and Belgium but, says James Booth, head of the sporting guns department, "there is a strange mystique about the English game gun."

Even to the uninitiated, the exquisite visual charms of the sporting gun can be undeniable. The swirling grain of the stock's polished wood contrasts with the intricate engravings on the triggerguard and lockplate, sometimes depicting minutely observed hunting scenes. English gun engraving is distinguished by its conservatism; close scroll work with occasional formal floral bouquets. Engraving on German guns tends to be baroque while Americans favour lockplates with engraved wildlife picked out in gold.

But it is England that has set the standard for sporting guns. "Once it was perfected, the English gun really was the best in the world," says Mr Booth. "Shooters tend to dream of the day when they have their own 'London best'." This term has been in use since the late 19th century, the golden age of the shooting party, when the top three gun-makers formed the same triumvirate that dominates the English market today.

Ironically, it was the French who showed England the way. *The Great Exhibition of 1851* was *the occasion chosen* by a Casmir Lefaucheux, French gun-maker, to display his breech-loading gun — a *departure from the muzzle-*loading type in common use. And English gun-maker, Joseph Lang, realised its potential and produced his own improved *version. There followed* an explosion of invention among gun-makers, culminating in 1885 with the Purdey Action Gun. With only slight modifications, this is the same sporting gun that is being produced today.

Sotheby's is offering a remarkable glimpse into the *heyday of shooting at its first* sporting guns sale in Summers Place on March 12. The 53 volumes of game books kept by Earl de Grey, later Lord Ripon, said to be the greatest shot of his time, are a chronicle of his own sporting achievements as well as records of the great Victorian and Edwardian country house shooting parties.

Lord Ripon's exploits still inspire awe in today's shooting milieu: he was said to have *bagged 500,000 head of game in* his lifetime and, using three guns with two loaders, once shot 90 pheasants in 10 minutes. The archives are *illuminated by his own* delightful sketches of himself in action, a woman being laced up (or unlaced) in her dress by a male companion, and innumerable animals. The books are expected to fetch more than £30,000.

Christie's is offering a particularly handsome pair of de luxe Holland & Hollands at a firearms sale in London on February 12. Built in 1975, the guns' lockplates are engraved with *pastoral scenes depicting* mallards, pheasants and blue-winged teals. The estimated value of the pair is between £25,000 and £30,000.

Annalena McAfee

Exhibition

Ancient and modern

WHAT DOES tribal or primitive *culture mean to sophisticated* Westerners? There cannot be just one answer. But let an artist loose to rummage in an ethnographic collection he has known for years and you will discover plenty.

In art, it is the discoveries over the past 100 years of unknown parts of the world and *of now-dead cultures that have* made most impact. In the heads of Brancusi and Modigliani we may see Cycladic third millennium BC prototypes—or it may be *that* they are recent West African.

Eduardo Paolozzi gives his answer in an exhibition called *Lost Magic Kingdoms* at the *Museum of Mankind in London.* He has chosen pieces from the museum's vast reserves and put them together with works of his own, cuttings from his *scrapbooks (such as how to* make a bullroarer), photographs, toys and what-you-will. The exhibition (which has already been noticed in these pages by William Packer) has a minimum of labelling and a maximum of appeal to the imagination. It is full of fun and well worth visiting. I look *forward to taking the children,* and see it as required viewing for all who theorise about primitive culture, modern or ancient.

Paolozzi is a pragmatist. He gives a no-nonsense view of the old Africa, where so much of the art necessarily came from the hinterland of the trading post where African and European met. This is not the world of collectors' fears about the African authenticity of their *pieces of tribal art,* but one where white and black were photographed in their different uniforms (solar topees or native robes) as they met to exchange.

The contact of the cultures brought things to be represented: radios in wood from Cameroun, or top hats, or bowler hats on puppets from Nigeria. Playing cards could be made from animal skin. And European rubbish had its uses: the Australian Aboriginals have long knapped arrowheads from glass bottles. The telling piece in this exhibition is the blue light bulb from Ghana; after its electrics failed, it was converted into an oil lamp with the metal from a tin can. Let there be light . . . and no waste.

This great collection reveals how much Paolozzi enjoyed the search for the exhibits, and he shows how much it has influenced his work. We must look at each object for what it is. So, he shows a stone adze from Borneo in the open hand of a mannequin from a store window. This world has little or no art for art's sake. All the art has a use, often religious. The cultures—and the exhibition—cut through abstracted theory.

The skulls, and the paraphernalia of the Day of the Dead festival in Mexico, do not let you forget death. The most bizarre piece is the outfit of top hat and tails, going with a painted wooden face mask of a European and given an umbrella and cross to mark the apogees of sophistication. You could (and perhaps still can) see the same thing in Ankara in the 10 storey-high banners of Ataturk in white tie and tails and, I think, smoking a cigarette.

The Financial Times comes at Paolozzi's end of the contacts. His segmented heads are adorned by papier maché solar topees made from this newspaper. There *is* an excellent catalogue, too (£8.50); £6.50 at the Museum of Mankind and the British Museum.

Gerald Cadogan

A chorus of approval

FEW COMPOSERS have felt as conscious of musical history as *Brahms. In his symphonies* we sense Beethoven looking over one shoulder; and in the works for chorus and organ, so full of canons and fugues, there is no *doubt that Bach in all his* majesty is looking over the other. By middle age Brahms was a master of past forms. The question now is whether he ever managed to *produce in these* latter pieces anything of real spontaneity.

In the best, at least, it is clear he did. The BBC Singers selec*ted what are generally recog*nised to be the finest of all the unaccompanied choral works for their concert at St. Giles', Cripplegate, on Thursday—notably the two sets of Motets Op. 74 and Op. 109—and displayed their passing beauties to good effect. "Warum" in the Op. 74 set, a study of pain and misery, gets one of Brahms's most striking musical images; and its chromatic partner, also about suffering, is almost equally fine in part.

Like the music, the church of St Giles boasts a style of austerity, combining what is original with reconstruction of the *past. Its* acoustics could not have been better chosen. The BBC Singers must count themselves fortunate indeed to hav *been able* to perform this mus in surroundings where the could have ample bloom an richness in their tone, yet los not a jot of Brahms's involve *counterpoint.* Their singin under Eric Ericson was expe and notably well-balanced.

The rest of the programm was filled with the Choral Preludes for organ Op 12 These were the last pieces tha Brahms wrote and in his tw light years the shadow of Bac seems to fall still longer acros the music. But there wa fortunately, nothing merely dr or academic about the playin of Peter Hurford, who mad each short piece alive an responsive, impeccable in choic of registration. Only an occasional over-inflection of rhythm — the uneven quavers i *Prelude No 3* — disturbed th enjoyment.

Richard Fairma

Solution to Chess No 606

1 B-N6 (threat 2 N-N4), B-K 2 Q-K4, or if N-B3; 2 N-B Traps are 1 B-K2? Q-N5! an 1 B-B7? Q-K6!

Dawn Run's date with history

"WOW, here we go!" thought Ireland's galloping granny as the filly walked into the sale ring.

"It was the way she walked out, you know. She was big, not done up for the sales, and gawky. This had to be the one."

Charmian Hill, one of National Hunt's first women jockeys at the age of 56, bid for the filly right to the end of her bankroll. She bought her for 5,800 guineas—one more higher bid couldn't have been matched. But it didn't come; Mrs Hill became the owner of Dawn Run.

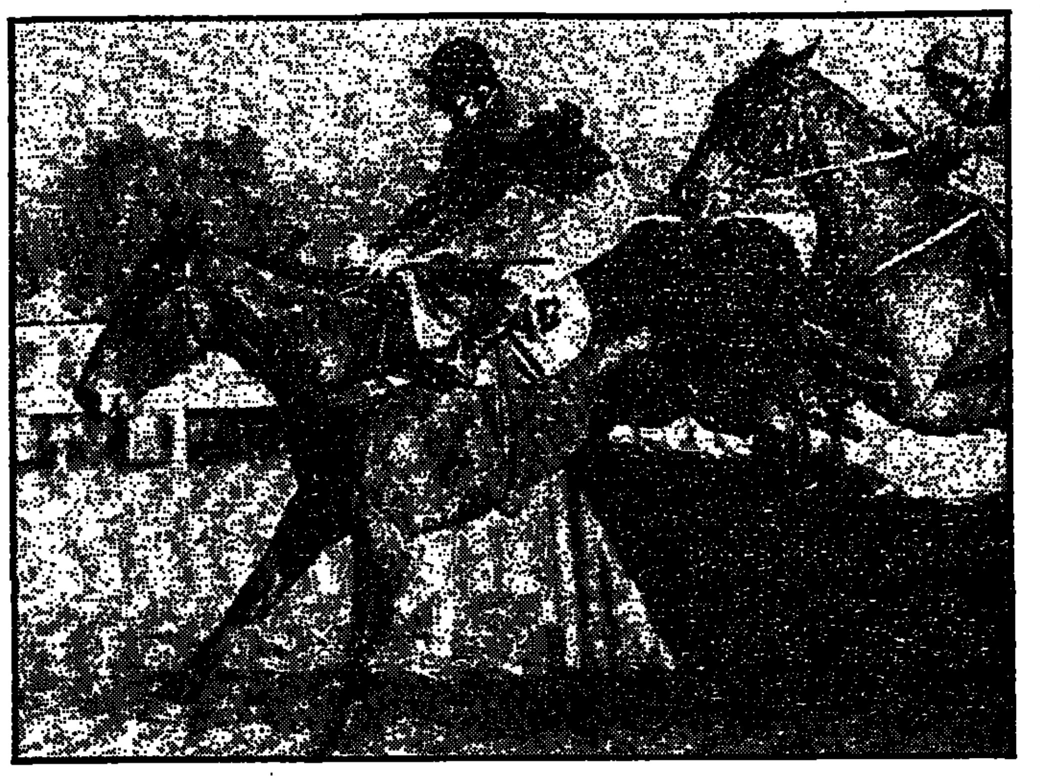
Whether Mrs Hill, the wife of a Waterford doctor, bought herself an all-time wonder horse will not be decided until March 13 at Cheltenham, when Dawn Run takes on Burrough Hill Lad and other likely steeplechasers in the Gold Cup, which is, of course, the world's greatest steeplechase.

A wonder horse, in National Hunt terms, is something rather special. Golden Miller. Arkle. Red Rum—you cannot think of many more that have made racing history. If Dawn Run wins at Cheltenham, she joins that elite and becomes the first horse in the history of racing over the sticks to do the Cheltenham double, the Champion Hurdle (1984) and the Gold Cup.

Can it happen? The hopes of all Ireland, and Ireland's money as well, says it can. But news this week seem to have rightened some punters. Doubts about Burrough Hill Lad seem to have vanished after its decisive win at Sandown last weekend; it is restored to Gold Cup favouritism, and Dawn Run sinks to 3-1 second favourite.

Then the decision was taken to unseat Dawn Run's present jockey, Tony Mullins, and restore JonJo O'Neill, her rider in that 1984 Champion Hurdle victory. This might have expected to bring in some more money, but the bookmakers say that nothing has happened yet.

But even if Dawn Run doesn't make the running, her admirers will have a nice souvenir of a great competitor. The publishers Arthur Barker is putting out Dawn Run, The Story of a Champion Racehore (£8.95), just a week before the Cheltenham meeting. Anne Holland, the author, herself an experience horsewoman, traces the filly's rise—from near death at the point of birth, the days when Mrs Hill thought "She'll never make a racehorse"—to the triumphs of later years.



Dawn Run and Jonjo O'Neill

It is a book which shows why National Hunt racing is much more brave, beautiful and legend-packed than what goes on over the Flat.

But back to Dawn Run's chances. The rise to glory of a horse bought at a bargain price is nothing new to the higher echelons of National Hunt racing. At six years old she won a unique triple crown — champion hurdler of Ireland, England and France. But the Gold Cup has never been a one, two or three-horse race.

Burrough Hill Lad is hard to beat. I have a sneaking fancy for Wayward Lad, who came back into form on Boxing Day to win the King George VI Chase for the third time in four years, with Burrough Hill Lad unplaced. At 14-1 in the ante-post betting, Wayward Lad seems to me well under-valued.

But my sentiments are with Dawn Run. After all, fairy tales should have happy endings.

Alan Forrest

Trevor Bailey on the spread of artificial pitches

Soccer's synthetic future

EVEN THOUGH soccer attendances are not as big as they used to be, a lot of men will prowl moodily about the house this afternoon, deprived of Saturday fever by the English weather. So far many soccer matches are snowed off. They could include Queen's Park Rangers' and Luton Town's away games, which might have been on, had they been playing at home.

Artificial turf — QPR and Luton are the only clubs who have installed it — is not the answer to all the problems of a sick game, but one of the battles of the next decade will be about finding a playing surface which keeps the ball rolling in all kinds of weather. "Nothing can stop us but fog," says QPR and Luton.

The first artificial grass soccer pitch was laid in Islington, North London, in 1971. But it took another nine years before synthetic turf made the big leagues. Queen's Park Rangers, under that far-seeing manager, Terry Venables, became the first League club to install a sand filled, artificial pitch.

QPR had early troubles with other clubs, who criticised the advantages it gave to QPR when they played at home—they could train for a different bounce of the ball, for example, and get rather more out of playing at home than is normal in first-class football.

But the Venables experiment stayed. And this year Luton Town became Club No. 2 to go synthetic. They are making money from their new pitch and have comfortably budgeted for a profit of £100.00 for the first 12 months—a success story which has persuaded Preston North End, Torquay United, Southend United and Lincoln City to think about joining the rebels.

Artificial turf gives soccer clubs a lot more chances to be part of their local community, and make money. Every League club is faced with the task of capitalising on an expensive stadium filled only once a fortnight during the winter months. A grass surface can sustain only a limited amount of usage if it is to remain pristine.

As a football club director, I hated turning down a request to hold a local school cup final because it could have ruined the pitch for an important home match a few days later. I thought about this when I last visited Luton's ground—the club's game against Newcastle United was the third to be played on the synthetic surface that day.

QPR recently staged a crowded world title boxing match on their Loftus Road ground in West London, and made money with no damage to the turf.

A soccer club can use a well-designed synthetic pitch for pop concerts, religious rallies (Loftus Road has staged one of London's biggest ones), American football, and political meetings.

It is also ideal for coaching and I have often felt that the confidence—almost arrogance—displayed by a young Second Division QPR team in the FA Cup Final owed much to their synthetic surface.

But it is only one way out of soccer's troubles. I can sympathise with the mistrust or dislike on the part of many managers and players. It does after all change the character of the game in some degree, producing something faster and more fluid with fewer tackles and fewer opportunities for the more "physical" type of defender. It also eliminated the advantage that a team can take from exploiting weather conditions.

But artificial surfaces have come to stay. Along with the new kind of stadium—fewer people and more comfort—they will take the game into the 21st century. Terry Venables once co-authored a futuristic soccer novel called They Used to Play on Grass. The title could be prophetic.

Letter from Davos

Still the magic mountain

DAVOS, 5,000 feet up in the Swiss Alps, has again survived its business invasion from "the flat land." No longer can earnest executives clutching attache cases be spotted trudging through the enow-swept streets. The last limousines have purred off down the mountain. The bars in the big hotels seem eerily empty.

The symposium bringing together 600 managers and political leaders from more than 50 countries is over for another year. Davos can return to normal.

But what is normal about this rather ugly, confusing little town which none the less has an attraction hard to resist? For one thing it is not really one town but two, Davos-Dorf and Davos-Platz — straggling for three miles along the valley by the Landwasser River. The first-time visitor by car will find it hard to tell where Dorf ends and Platz begins as he drives by a succession of anonymous, flat-roofed concrete apartment blocks.

He strains to spot his hotel and brakes to avoid fur-booted skiers, clumping like Yeti across his path. He may find himself forced back to his starting point by the Davos one-way street system. Is this really, he may ask himself, the Davos of Thomas Mann's noval The Magic Mountain—or some outrageous imposter.

The answer, like almost everything about Davos, is not straightforward. Even in the Magic Mountain era before World War I the town suffered from over-hasty expansion. Sanatoria, clinics and all the paraphenalia of the cure sprouted like mushrooms in the second half of the 19th-century, thanks to discovery of the healing properties of the dry, crisp Davos air. The population jumped from 2,000 in 1870 to more than 8,000 in 1900—reaching a (temporary) peak of more than 11,000 in the 1930s.

The discovery of antibiotics brought a post-war decline in the cure business: but Davos more than made up for that by boosting its role as a winter sports and convention centre. That brought more population growth (to around 12,000 today), plenty of visitors (2.6m overnight stays a year) and more unlovely buildings to cater for the influx.

Thomas Mann, discoverer of Davos

At the most obvious level it is the winter sports facilities which account for much of the attraction of Davos. The town can fairly call itself a "skiers paradise" with 80 runs close at hand catering for everyone from duffers to stars. Then there is Europe's biggest skating rink, top-class ice hockey, curling—and sleigh rides into the picture-book valleys of Sertig and Dischma nearby.

And yet — when all that has been said there is an elusive fascination about Davos which draws back even those who abhor skiing and deplore the town's higgeldy-piggeldy architecture. Hans Castorp, the hero of Mann's novel, arrived for a brief stay — and remained for seven years. True he found he was ill — or was it rather that, with cheeks burning and heart pounding, he really came to life for the first time? Mann is appropriately ambiguous about this.

Or take Ernst Ludwig Kirchner, the German Expressionist artist. He came to Davos initially for a few days—finally stayed more than two decades doing much of his best work there, then walked into the meadows filled with alpine flowers on a sunny June day in 1938 and shot himself through the heart. Davos-Platz remembers him (just about) with a little museum above the post office.

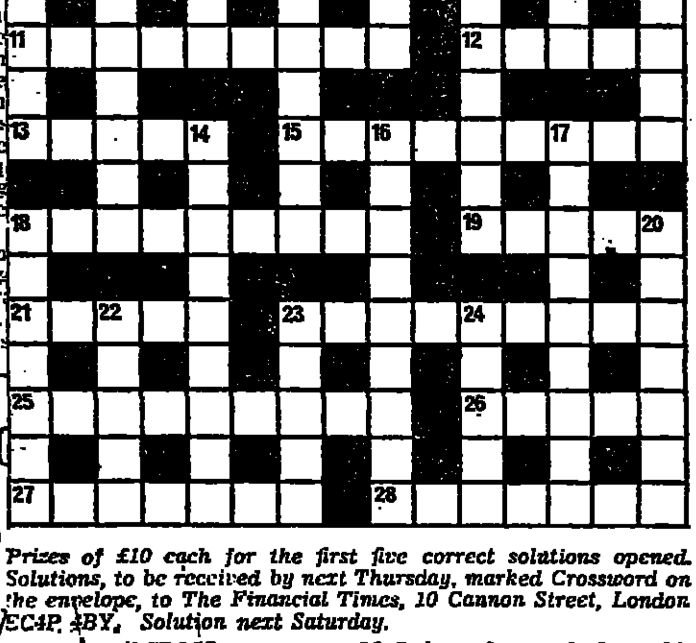
What Kirchner found, and Mann described, is a quality of changing light which is striking even fore a high alpine valley. Sometimes etching the landscape in sharp relief, sometimes bathing it in a bluish glow it gradually forces the onlooker to doubt the evidence of his eyes. A Magic Mountain indeed.

This is the other-worldly environment into which so many "top decision-makers" plunge for their economic symposium once a year. Of course they come to make contacts and do deals, to ski and sunbathe—and Davos is fine for all that.

But they also try to come to grips with a tangle of economic, financial and social problems which shift focus as they are studied. For that irritating, fascinating exercise too, Davos with all its ambivalence is the ideal venue.

Jonathan Carr

F.T. CROSSWORD PUZZLE No. 5,943



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 Elgar as regal, for example? (7)
5 Slovenly person to bathe? Rubbish! (7)
9 Swim length on stomach (5)
10 Kind of place Gray raved about? (9)
11 Enthusiasm of hothead (9)
12 This dance needs spirit, to a degree (5)
13 Duties consisting of appeals after time (5)
15 At home, five in water off Cowes—not keeping heads above water? (9)
18 Kedge, last runner in relay race (9)
19 Range of morning-piece (5)
21 Destitute, fellow not in a felt cap (5)
23 Oxy-phenol product of wood-tappers (9)
25 Expression, silver-worker used for a scold (9)
26 TV film that is empty in Paris—nothing on it (5)
27 Do ladies use them to create waves? (7)
28 Frank moving flat? (7)

DOWN

1 Very old, like Iago (7)
2 Something for easing calf, endlessly twisted? (9)
3 Perfectly straight sovereign (5)
4 Flashy element, amusing me when it goes off (9)
5 Field-call of principals (5)
6 Partisan wounded in Spanish War (9)
7 In the style of a jolly warning (5)
8 Hardy revised scriptures—this is the main outlet (7)
14 Dunde? (9)
16 It is one thing, wearing a vest (9)
17 Work on sampler and add fanciful detail (9)
18 Judge of a cooked rarebit (7)
20 Clover keeps football official in work (7)
22 Like Cobbett's rides in the country (5)
23 Roentgen's cross-beams? (1-4)
24 Turn like golfer—get a four in grass (5)

Solution to Puzzle No. 5,942

KITCHENETTE CAT
I H U E A L O E
LIEIN PINNACLES
L S T T G B L T
IMPOSTURE OLIVE
N I N N R E R
GRAPPLE TEAR
S N O T C G
ASPS PRESAGE
S S T U U P S
MATCH PARAMOUNT
I R A P I O C U
TRANSPORT LEHAR
E I T S A T I E
SON EXEUNTOMNES

SOLUTION AND WINNERS OF PUZZLE NO. 5,937

TRENDY ICARUS
O L E A O U
DILEMMA VINTAGE
L M I B R U A
PEDESTRIAN NAVY
N A R D B
LOTUS TEENAGER
O S H N E
DAYDREAM CRAFT
T E A H M
CHEF ADROITNESS
S I V K L E E
POLARIS PAISLEY
M N A D I D
EXTANT GALAXY

Mrs B. J. Rowland, Broadstairs, Kent.
Mr J. S. Heaton, Keighley, West Yorkshire.
Mr J. M. Warner, Dorking, Surrey.
Mr S. M. S. Jones, London, W14.
Mr J. K. Wylie, Comber, Co Down, N. Ireland.

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am Hunter's Gold. 8.55 Bananaman. 9.00 Saturday Superstore. 12.15 pm Grandstand including 1.00 News: Football Focus with Bob Wilson; Skiing; Bowls; Racing from Newbury at 1.30, 2.00, 2.40 and 3.10; Racing from Leopardstown at 3.00; Rugby League and at 4.40 Final Score—classified results. 5.05 News. 5.15 Regional programmes. 5.20 The Muppet Show. 5.45 Jim'll Fix It. 6.20 The Noel Edmonds Late Late Breakfast Show. 7.10 Every Second Counts. 7.45 Les and Dustin's Laughter Show. 8.20 Strike It Rich! 9.10 News and Sport. 9.25 Film: Michael Caine in "Sleuth" (Laurence Olivier co-stars). 11.40 Film: The Horror Movie: "The Beast Must Die" (Peter Cushing and Calvin Lockhart star).

BBC 2

7.15 am-1.55 pm Open University. 2.10 Film. "The Honey Pot" starring Rex Harrison, Susan Hayward and Cliff Robertson. 4.15 Laramie. 5.05 The Sky at Night. 5.35 Deutsch Direkt! 6.00 Horizon: Outbreak — The Microbe Masters the Mould. 6.50 Newsview. 7.30 International Pro-Celebrity Golf. 8.20 "Sweeney Todd" (Emmy Award-winning television production of Stephen Sondheim's musical).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Terrahawks. 11.30 am Mr Smith. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Benson. 2.45 International Athletics—Peugeot Talbot Games. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 7.00 The Price is Right. 8.00 Hunter. 9.00 News and Sport. 9.15 Tales of the Unexpected. 9.45 Aspel and Company. 10.30 LWT News Headlines, followed by "Wallenberg: The Lost Hero" (Part 2) starring Richard Chamberlain. 12.20 am Marlow—Private Eye. 1.15 Night Thoughts with the Rev Tenniel Evans.

CHANNEL 4

1.10 pm Insult To Injury. †2.00 "The Court Jester" (Danny Kaye stars with Gynis Johns, Basil Rathbone, Cecil Parker and Angela Lansbury). 3.55 This Was Richard Tauber. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 News Summary followed by Unforgettable. 7.00 News Summary followed by Seven Days. 7.30 Fragile Earth. 8.30 Saturday Live. 10.00 Hill Street Blues. †11.00 "The Mummy" (Boris Karloff starring). †12.20 am "The Mask of Fu Manchu" Boris Karloff stars with Lewis Stone, Karen Morley and Charles Starrett.

S4C WALES

2.10 pm Gymnastics. 2.40 Dance Matinee—"Daphnis and Chloe." †3.45 Feature Film: "Fortune is a Woman" Jack Hawkins with Arlene Dahl, Dennis Price and Geoffrey Keen. 5.35 Man and Music: Composer and Court. 6.35 Gardeners' Calendar. 7.00 Hwrlibwrli. 7.30 Newyddion.

7.45 Stumiau. 8.15 Byddin y teiger. 9.15 Y maes chwarae. 10.05 Chance in a Million. 10.35 Saturday Live. 12.00 Brothers.

Annabel Leverton in "Strike It Rich," BBC 1, 8.20

REGIONS

IBA Regions as London except at the following times:

ANGLIA
11.30 am The Flying Kiwi. 2.15 pm Small Wonder. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Shared Prayer.

BORDER
11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Mind Your Language. 10.30 The Bronson Movie: "Death Hunt."

CENTRAL
11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Mind Your Language. 10.30 The Bronson Movie: "Death Hunt."

CHANNEL
11.00 am The Greatest American Hero. 11.59 Today's Weather. 2.15 pm Supercar. 10.30 The Bronson Movie: "Death Hunt."

GRAMPIAN
11.05 am The Greatest American Hero. 2.15 pm Small Wonder. 10.30 The Bronson Movie—"Death Hunt." 12.15 am Reflections.

GRANADA
11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 5.05 Candid Camera. 10.30 Alistair MacLean's "The Hostage Tower" (stars Peter Fonda). 12.15 am The Marquee Club 25th Anniversary.

HTV
†11.05 am Fireball XL5. 11.30 Captain Scarlet and the Mysterons. 11.58 HTV News. 2.15 pm Happy Days. 5.05 Mind Your Language. 10.30 Cup Rugby. 11.15 The Bronson Movie: "Death Hunt."

SCOTTISH
11.00 am The Glen Michael Cavalcade. 11.45 BFA Short. 2.15 pm Small Wonder. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Late Call.

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 2.15 pm Bullseye. 5.05 Newsport. 5.10 Blockbusters. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Postscript.

TVS
11.00 am The Greatest American Hero. 11.57 TVS Weather. 2.15 Supercar. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Hall and Oates Live at the Apollo Theatre. 1.15 Company.

TYNE...TEES
11.00 am Morning Glory. 11.05 The Little House on the Prairie. 2.15 pm Supercar. 5.05 Mind Your Language. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Post's Corner.

ULSTER
11.00 am The Baron. 11.58 Lunchtime News. 2.15 pm Small Wonder. 5.03 Ulster News. 5.05 Candid Camera. 9.13 Ulster News. 10.30 The Bronson Movie: "Death Hunt." 12.10 am News at Bedtime.

YORKSHIRE
11.00 am The Baron. 2.15 pm Small Wonder. 5.05 Ask No Questions. 10.30 The Bronson Movie: "Death Hunt." 12.15 am Festival Folk.

RADIO

BBC RADIO 2
(S) Stereo on vhf
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport On 2 including Football; Rugby Union; Rugby League; Racing from Newbury at 2.00 The Game Spirit Steeplechase and 2.40; Athletics (Great Britain v Hungary); Cricket; 5.00 Sports Report. 6.00 Folk On 2. 7.00 Beat the Record. 7.30 An Evening with Gilbert and Sullivan (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Building A Library (S). 10.15 Stereo Release (S). 11.25 St Louis Symphony Orchestra: Brahms, Vaughan Williams (Symphony No. 3); 12.15 pm Interval Reading. 12.20 Beethoven (Piano Concerto No. 4, with Emanuel Ax) (S). 1.00 pm News. 1.05 Allegri String Quartet (S). 2.00 Wilhelm Furtwangler. 4.00 Poulenc and Rachmaninov: Piano recital by Keith Swallow and John Wilson (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.10 Two Beethoven Piano Sonatas, played by Michael Bell (S). 8.00 Weimar Season. A nine-day exploration of some of the artistic responses to the social conflicts of the Weimar Republic begins with "The Threepenny Opera" by Kurt Weill, sung in English (S). (9.55-10.00 Interval Reading). 11.00 Music of Catalonia (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.43 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Just A Minute (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; International Assignment. 3.30 The Saturday Feature: A Thousand Calumnies. 4.15 Beasts of the Earth. 4.45 Persona Grata. 5.00 The Living World. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Solomon Grundy. 6.50 Caesar in South China. 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Opinions. 11.00 Science Now. 11.30 The Good Human Guide (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is the Day. 10.00 Asian Magazine. 10.30 L-Driver. 10.55 Deutsch Direkt! 11.20 Tele-Journal. 11.45 Nothing but the Best. 12.10 pm Sea Hear! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week. 2.00 EastEnders. 3.00 Match of the Day Live: Liverpool v Manchester United from Anfield.

4.55 The Dukes of Hazzard. 5.40 The Living Isles. 6.20 You Are What You Eat. 6.30 News. 6.40 Songs of Praise from Fishguard in West Wales. 7.15 Hi-De-Hi! 7.45 Bluebell. 8.40 Mastermind. 9.10 News. 9.25 That's Life. 10.15 The Hammer and the Cross. 10.55 Crufts 86. 11.40 You Can't See the Wood.

BBC 2

2.00 pm Rugby Special. 2.30 Bowls and Darts. 5.25 Beethoven Sonatas for Cello and Piano. 5.55 Ski Sunday. 6.30 The Money Programme. 7.15 Nana Mouskouri in Athens. 8.05 The Natural World: Among the Wild Chimpanzees. 8.55 Thinking Aloud. 9.35 Architecture at the Crossroads. 10.15 Screen Two: Honest, Decent and True. 11.55 Darts. 12.25-1.00 am Bowls.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Snooper and Blabber. 10.00 Morning Worship. 11.00 Getting On. 11.30 A Heritage from Stone. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Joanie Loves Chachi. 2.00 Encounter. 2.30 LWT News Headlines, followed by "David Copperfield," starring Richard Attenborough, Susan Hampshire, Ron Moody, Laurence Olivier.

5.00 The Return of the Antelope. 5.30 Bullseye. 6.00 Albion Market. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise, Surprise. 8.45 Crazy Like a Fox. 9.45 News. 10.00 Spitting Image. 10.30 The South Bank Show. 11.30 LWT News Headlines, followed by The Search for Wealth (Co-operating with Capitalism). 11.55 Show Express 12.25 am Night Thoughts with the Rev Dr Kenneth Wolfe.

Michael Caine stars in two weekend films, "Sleuth" on Saturday, BBC 1, 9.25; and "Alfie," Sunday, Channel 4, 10.30

CHANNEL 4

1.00 pm Irish Angle presents Hands. 1.30 Marcos—The Verdict. 2.00 Pob's Programme. 2.30 Matinee from the Met: "Francesca da Rimini (sung in Italian with English subtitles). 5.15 News Summary, followed by The Business Programme. 6.00 Australian Rules Football. 7.00 Man and Music: Composer and Court. 8.00 My Britain: Miles Copeland. 9.00 From the Cradle to the Grave. 10.30 "Alfie (Michael Caine stars with Shelley Winters, Millicent Martin, Julia Foster, Jane Asher, Shirley Anne Field, Vivien Merchant and Eleanor Bron).

S4C WALES

1.35 pm From the Inside—the Unions. 2.05 Matinee at the Met: "L'Elisir d'Amore" (in Italian with English subtitles). 4.20 Iesu Ddoe a Heddiw. 4.50 Dilyn Iesu. 5.15 The Business Programme. 6.00 Australian Rules Football. 7.00 Shades of Green. 7.10 Superted. 7.20 Newyddion. 7.30 Tony Ac Aloma. 8.00 Hywel Gwynfryn. 8.35 Dechrau Canu, Dechrau Canmol. 9.05 Mae 'Nghartre' i Yng Nghymru Bell. 9.55 Yukon Quest. 10.55 Feature Film: "Look Back in Anger," starring Richard Burton and Mary Ure.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA
9.30 am The Sea in their Blood. †11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Sunday Cinema: "Carry On Again Doctor." 4.05 Chips. 11.30 Marlowe—Private Eye. 12.30 am Anthology.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Terrahawks. 1.30 Farming Outlook. 2.30 Twenty Years On. 3.30 Film: "Red Mountain" starring Alan Ladd and Lizabeth Scott.

CENTRAL
9.25 am Wattoo, Wattoo. 9.30 Terrahawks. 1.00 pm Here And Now. 1.30 Gardening Time. 2.30 The Weekend Matinee: "Houdini"—starring Tony Curtis and Janet Leigh. 4.30 Wish You Were Here . . . ? 11.30 Marlowe—Private Eye.

CHANNEL
9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Francais Chez Vous. 9.45 Cartoon Compilation. 1.00 pm Gardens For All. 7.30 Video Club. 1.45 The Dolmen Builders. 2.30 The Sunday Matinee: "MacArthur—The Rebel General. 4.55 Puffin's Pla(i)ce. 11.30 Marlowe—Private Eye.

GRAMPIAN
9.25 am Cartoon. 9.40 Living and Growing For Adults. 10.05 Fireball XL5. 10.30 Personal View (Martha Hamilton). 1.00 Farming Outlook. 1.30 Horses For Courses. 2.30 Feature Film—"Taza, Son of Cochise" (Rock Hudson, Barbara Rush and Gregg Palmer star). 4.00 Bullseye. 4.30 Return of the Antelope. 5.00 Scotsport. 11.30 Marlowe—Private Eye. 12.30 am Reflections.

GRANADA
9.25 am Max the 2000-year-old Mouse. 9.35 Blind Faith. 11.00 A Heritage From Stone. 11.25 AAP KAA HAK. 11.30 Survival. 1.00 Terrahawks. 1.30 The Fall Guy. 2.25 Sunday Matinee. "Twice Round The Daffodils" stars Juliet Mills. 4.00 Encounter. 4.30 Wish You Were Here . . . ? 11.30 Marlowe—Private Eye.

HTV
9.25 am Jayce and the Wheeled Warriors. 9.50 Science International. 1.00 pm Gardening Time. 1.30 West Country Farming followed by Weather for Farmers. 2.30 The Sunday Matinee: Darling Lili, starring Julie Andrews and Rock Hudson. 6.30 HTV News. 11.30 The New Avengers.

HTV Wales—As HTV West except: 1.00-1.30 pm Celebration.

SCOTTISH
9.25 am Foo Foo. 9.35 A Heritage from Stone. 10.00 Sunday Documentary. 10.30 Sunday Service. 11.30 Encounter. 1.00 pm Terrahawks. 1.30 Farming Outlook. 2.00 Tell the Story. 2.15 By the Way. 2.30 "Bullet for a Badman," starring Audie Murphy. 4.00 Bullseye. 4.30 The Return of the Antelope. 5.00 Scotsport. 11.30 Marlowe—Private Eye. 12.30 am Late Call.

TSW
9.25 am Getting On followed by Getting On . . . Plus. 11.00 A Heritage from Stone. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens for All. 1.30 Farming News. 2.30 The Sunday Matinee: "The Buccaneer," starring Yul Brynner. 4.30 The Return of the Antelope. 5.00 Gus Honeybun's Magic Birthdays. 5.03 Falcon Crest. 11.30 The Pick of Postscript. 12.00 Postscript Postbag.

TVS
9.25 am Action Line. 9.40 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South. 2.30 The Sunday Matinee: "MacArthur, the Rebel General," starring Gregory Peck. 4.55 TVS News. 11.30 Marlowe—Private Eye. 12.30 am Company.

TYNE TEES
†9.25 am Fireball XL5. 9.50 Sunday Lookaround. 9.55 Morning Glory. 1.00 pm Farming Outlook. 1.30 Wish You Were Here . . . ? †2.30 Sunday Matinee: "San Francisco," starring Clark Gable and Spencer Tracy. 4.30 Small Wonder. 11.30 Epilogue.

ULSTER
10.40 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 1.00 Grampian Sheepdog Trials. 1.28 Farming Weather. 1.30 Bygones. 2.30 Sunday Matinee: "The Flight of the Phoenix," starring James Stewart, Richard Attenborough, Peter Finch and Ernest Borgnine. 6.38 Ulster News. 9.57 Ulster News. 11.30 Sports Results. 11.35 Festival Folk (Ralph McTell). 12.00 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Getting On. 11.00 A Heritage from Stone. 11.30 Farming Diary. 1.00 pm Man in A Suitcase. 2.30 Sunday Cinema: "The Battle of Austerlitz," starring Jack Palance, Claudia Cardinale and Martine Carol. 4.20 Cartoon Time. 4.30 The Return of the Antelope. 5.00 Richard Claydermen. 11.30 Marlowe—Private Eye. 12.30 am Five Minutes.

RADIO

(S) Stereo on vhf

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm Ray Moore presents Two's Best (S). 2.00 Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Jazz Classics in Stereo, part 6—The Clarinet King: Johnny Dodds. 4.30 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Mooney's Monday Magazine with Pat Mooney. 7.30 The Gentle Touch. 8.00 Black Magic with Stanley Black. 8.30 Sunday Half-hour from St Michael's Parish Church, Linlithgow. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.05 Songs from the Shows. 10.30 Acker's Away. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 The Court of Mannheim (S). 8.00 Amadeus Quartet plays Schubert (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Jean-Philippe Collard piano recital (S). 12.15 pm From the Proms 85: Pittsburgh Symphony Orchestra conducted by Lorin Maazel, part 1: Bartok (Concerto for Orchestra) (S). 12.55 Words. 1.00 Concert, part 2: Berlioz (Symphonie fantastique) (S). 2.00 Mendelssohn and Brahms violin sonatas played by Miriam Fried and Roger Vignoles (S). 2.45 Weimar Season: "Hopkins The Factory Worker," opera by Max Brand, sung in English with Malcolm Donnelly (baritone) in the title role (S). 5.15 A Study in Evolution. 6.00 The Composer Conducts: Bernard Rands directs his Canti del Sole and Canti Lunatici (S). 7.00 Weimar Season: "From Morning To Midnight," play by Georg Kaiser (S). 9.00 Halle Orchestra: Deferred relay from the Free Trade Hall, Manchester, part 1: Debussy (La mer), Rachmaninov (Paganini Rhapsody) (S). 9.55 Education for Hunger. 10.15 Concert, part 2: Tchaikovsky (Symphony No 2) (S). 11.00 Karl Haas conducts (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Anneka Rice talks, for the Week's Good Cause, about residential workshops for physically disabled men. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.45 Barry Fantoni Asks . . . 4.00 News; Origins. 4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Travel; Lord of Misrule. 7.30 Profile. 7.45 Time of my Life. 8.00 Bookshelf. 8.30 Law in Action. 9.00 News; Jude The Obscure by Thomas Hardy (S). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: The Mystery of MV "Derbyshire." 11.00 Hidden Glory. 11.15 In Committee. 12.00-12.15 am News.

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